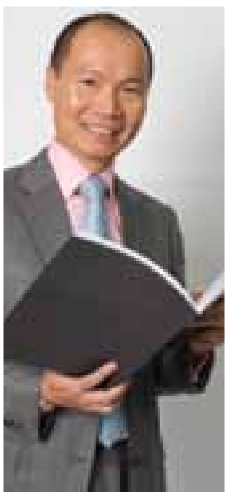
Managing Director's Strategic Statement



TO THE SHAREHOLDERS OF MBM RESOURCES BERHAD:

The year 2010 was a significant milestone for the **MBM Resources Berhad Group (MBMR)**. It was our 15th year of being listed on Bursa Malaysia, and we closed the year with record revenues and profits.

We are proud of this achievement. Our expansion plans that we have put in place will steer MBMR into a more balanced automotive group with significant presence in all the segments of the industry. We shall build on our immense experience, 25 years at Oriental Metal Industries (M) Sdn Bhd (OMI), 30 years at Daihatsu (Malaysia) Sdn Bhd (DMSB) and 50 years at Federal Auto Holdings Berhad (FAHB), to drive our next growth phase.

In last year's statement to shareholders, I elaborated on our strengths as an automotive group. I wanted to focus this year on our strategic direction, building on these strengths and experience in taking MBMR into a renewed growth phase.

DIVERSITY IN MARKET COVERAGE

Diversity offers greater growth opportunities

Our multi-brand approach has enabled us to grow at a faster rate than the market growth. In 2010, the group sold 28% more vehicles than 2009 compared with industry growth of 13%. Our representation in the distribution business is via distributorships or as dealers. Additionally, where we have investments in the distributors, we have also participated as dealers to play a key role in growing the sales of the respective brands. We are shareholders of Perusahaan Otomobil Kedua (Perodua) and Hino Motors (Malaysia) Sdn Bhd (HMMSB). Our subsidiary, DMSB via its wholly-owned subsidiary DMM Sales Sdn Bhd (DMMS), is the leading independent dealer of Perodua and since last year, DMSB was also appointed a dealer of Hino.

The MBMR Group is represented in all segments of the commercial vehicle and passenger car market. The brands in our portfolio are strong and reputable and have one of the most exciting ranges of products on offer in the market. This diversity offers opportunities for growth. It also offers a defensive strategy in down cycles. We continue to seek for additional brands to fill the gaps in the market where our representation is limited.

BUILDING MARKET SHARE

Focus on market leadership – dealer and partner of choice

Our focus in building market share is a conscious strategic direction we pursue in our business model. Our business is scalable. Building market share therefore enables us to reap the benefits of the cost advantages and effectiveness from managing a larger distribution network. The focus on market share also inevitably directs the business model towards developing a customer centric service culture in order to distinguish us apart from the competition. This would therefore drive our organisation towards adopting winning and retaining customer programmes.

As significant players for the brands we represent, we actively engage with our principals which enable us to deepen our relationships further. We become the choice partner for expansion plans in the market and become an integral part of their future plans.

Since 2009, we have embarked on major investments in opening new 3S (sales, service and spare parts) centres in strategic sites and upgrading of existing outlets. These investments will be stepped up for at least the next two to three years as we build on our market reach and hence developing our market shares further.

QUALITY INCOME STREAM

Developing recurring after sales income

We strongly believe in offering the complete experience in vehicle ownership to our customers. We see potential opportunities in developing other income streams other than from selling vehicles. Priority has been placed on investments in the after sales service, parts and accessories. The new distributorships we secured last year for ABT Sportsline and Heico, accessories and tuning brands for Volkswagen and Volvo cars respectively, have been well received.

These income streams forms part of our fundamental growth strategy: It offers additional growth in revenues, help expand and secure our market share and improving on our overall margins with recurring income. This income has also proven to be resilient during downturns in the economy.

We continue to expand the range of accessories and services we offer to our customers to help meet their needs.

INVESTMENTS

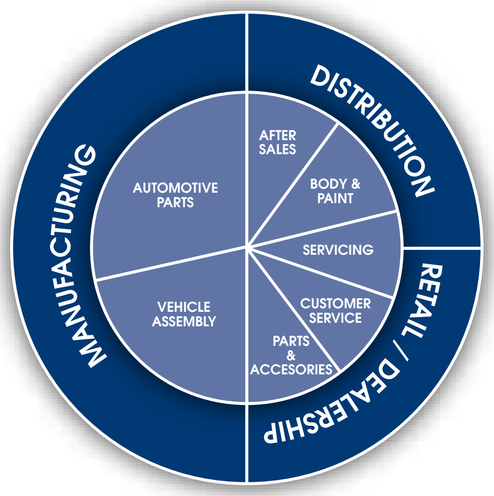
Accelerated investments in sales and service network

We have an ambitious planned investment programme. We are accelerating our investments as part of our growth plan and to raise standards of our sales and service to new levels, leveraging on our many years of experience and deep understanding of the market.

We will be utilising our prime property assets to its fullest by incorporating our growth strategies into the designs of our multi-brand automotive complexes. Some of the investments we made in 2009/10, in particular the FAHB Petaling Jaya dealerships for Mitsubishi and Volkswagen, and the new Volvo Glenmarie dealership, have all proven to be timely and successful in raising sales and service throughputs. Planned for 2011 are development of our six Hino dealerships under DMSB, DMMS's new Perodua dealership in Kuala Lumpur, and the Volkswagen and Volvo dealerships in Johor Bahru.

A COMPLETE AUTOMOTIVE GROUP

MBMR aspires to be a complete automotive group



MBMR aspires to be a complete automotive group. We are currently positioned as a leading automotive distributor and dealer in Malaysia. Additionally we own a 78% stake in steel wheel manufacturer, Oriental Metal Industries (M) Sdn Bhd, which we acquired in 2004. We continue to look for opportunities to expand the automotive manufacturing division.

In October 2010, we proposed to acquire 100% of Lion Motor Sdn Bhd (LMSB) and 70.01% in Kinabalu Motor Assembly Sdn Bhd (KMASB), which have distributor agreements with Dong Feng Automobile Co. Ltd and Anhui Jianghuai Automobile Co. Ltd respectively. KMASB also holds a manufacturing licence for the assembly of motor vehicles in Malaysia. This licence enables us to explore vehicle assembly opportunities. In the long term we believe MBMR's position can be strengthened considerably in building even stronger partnerships by offering a complete automotive business partnership with the leading brands who want a stronger footing in the Malaysian domestic market as well as in the region.

FINANCIALS

The Group has historically maintained a low level of borrowings. As we adopt a more expansionary growth plan, our strategic investments are inevitably expected to rise. Our balance sheet remains strong. As the plans I highlighted here are rolled out, we will be studying the best combination of financing our expansion plans, including our appetite in increasing our borrowings and how best to restructure our capital base to reflect our growing business. As at the end of 2010, the group was in a net cash of RM144 million.

There are two main factors we take into consideration in determining the amount of dividends we payout. First, as an investment holding company, we are dependent on the amount of dividends we receive from our investments. It would be realistic to expect the level of dividends will increase in line with improved profitability and vice versa. Second, we have to take into account the group's cash resources and cash requirements for its investments. In the past five years to 2010, MBMR has paid out on average 60% of its dividends received. In view of the group's performance, the total dividends for the financial year 2010 more than doubled to 13 sen per share compared with 6 sen in 2009.

In 2010, the book value of MBMR improved by 14% to RM4.19 per share. Over the last five years the book value has grown by 50% or an average of 10% per annum. However, despite the growth in the business and a healthy balance sheet, MBMR's stock price has not reflected the intrinsic value of the company, trading at a low price-earnings ratio of 5 times and a 26% discount to its book value (based on a closing share price of RM2.97 at 18 April 2011).

Artist impression of Menara MBMR.
Expected completion 2013.

CONCLUSION

Our strategic plans present a very exciting future for us. We have identified our strengths and built on them. The investments we have planned will increase our capacity for growth significantly. We have put in place a strategy to outperform the market and our competitors. We believe we have the winning formula. We believe we have the right team to deliver.

ACKNOWLEDGEMENTS

I wish to pay tribute to all the employees of the MBMR Group for contributing to our success in achieving a record year. Thank you to our business partners, bankers, customers and shareholders for their continued support. I wish to also thank the Board for its guidance and advice.

LOOI KOK LOON
Managing Director

The Year at a Glance

2010 Additions to Our Product Line-up

JULY 2010
Volkswagen Touareg.

JULY 2010
Perodua Myvi Limited Edition (LE).

AUGUST 2010
Volkswagen Golf 1.4 TSI, Scirocco 1.4 TSI and Polo 1.2 TSI

SEPTEMBER 2010
Mitsubishi Pajero.

OCTOBER 2010
Mitsubishi Lancer Sportback.

NOVEMBER 2010
Perodua ViVA Elite Exclusive Edition

NOVEMBER 2010
Mitsubishi ASX (Active Smart Crossover).

DECEMBER 2010
Daihatsu Gran Max Panel Van and the Gran Max Pick-up.

Corporate Events

29 JANUARY 2010
The launch of Mitsubishi showroom, Petaling Jaya.

5 - 7 MARCH 2010
Federal Auto Holdings Berhad's 50th Anniversary celebration in Club Med, Cherating.

12 MARCH 2010
Daihatsu (Malaysia) Sdn Bhd was appointed dealer by Hino Motors (Malaysia) Sdn Bhd.

12 MARCH 2010
Fast Sdn Bhd was awarded sole distributorship and exclusive sales rights of Heico Sportiv and ABT Sportsline products in Malaysia.

23 MARCH 2010
The launch of FA Wagen VW, Petaling Jaya.

3 APRIL 2010
Daihatsu (Malaysia) Sdn Bhd's 30th Anniversary celebration.

1 JULY 2010
Federal Auto Holdings Berhad launched new corporate logo in conjunction with its 50th anniversary.

28 SEPTEMBER 2010
Federal Auto Holdings Berhad opened its ABT showroom in Glenmarie, Shah Alam.

Profile of Directors

Y. BHG. DATO' ABDUL RAHIM ABDUL HALIM

Aged 62, Malaysian

Chairman

Non Independent
Non-Executive Director

A qualified economist, Y. Bhg. Dato' Abdul Rahim was MBM Resources Berhad's (MBMR) Managing Director until 28 February 2006. He is currently the Chairman of MBMR. He held several senior positions in the Ministry of International Trade and Industry (MITI) and Daihatsu (Malaysia) Sdn. Bhd. (DMSB) prior to his appointment to MBMR's Board on 17 December 1993. Dato' Abdul Rahim has extensive experience in the motor vehicle industry and is presently on the Boards of Rubberex Corporation (M) Berhad, Central Cables Berhad and Ewein Berhad as well as several other private companies. He holds a Bachelor of Economics (Honours) degree from the University of Malaya. He is the Chairman of the Boards of the following companies – Oriental Metal Industries (M) Sdn. Bhd. (OMI) and Hino Motors (Malaysia) Sdn. Bhd. (HMMSB), and a Board member of Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua).

MR. LOOI KOK LOON

Aged 44, Malaysian

Managing Director

Mr. Looi Kok Loon was appointed to the Board of MBMR on 18 May 2001 and subsequently Managing Director since 1 March 2006. He had previously worked for a foreign investment bank. Mr. Looi holds a Bachelor's degree in Government and Economics from Brunel University and a Master's degree in Management from the University of Kent, United Kingdom. He represents MBMR on the Boards of the following companies – Perodua, HMMSB, DMSB, Federal Auto Holdings Berhad (FAHB) and OMI.

Profile of Directors

Y. BHG. TAN SRI LEE LAM THYE JP

Aged 65, Malaysian

Independent
Non-Executive Director

Y. Bhg. Tan Sri Lee Lam Thye JP was appointed to the Board on 28 February 1994 and is a member of the Company's Audit, Nomination and Remuneration Committees. Before retiring from politics in 1990, he was the elected State Legislative Assemblyman for Bukit Nenas, Selangor from 1969 to 1974 and served as a Member of Parliament for Bandar Kuala Lumpur from 1974 to 1990. He is presently the Chairman of the National Institute of Occupational Safety & Health and Vice-Chairman of the Malaysian Crime Prevention Foundation. He is also a Member of the Board of the Employees Provident Fund. In the private sector, Y. Bhg Tan Sri Lee serves as a director of several public-listed companies, namely AMCORP Properties Berhad, Media Prima Berhad and SP Setia Berhad.

ENCIK ISKANDER ISMAIL MOHAMED ALI

Aged 61, Malaysian

Independent
Non-Executive Director

Encik Iskander was appointed to the Board of MBMR on 8 May 2009 and is currently Chairman of MBMR's Audit Committee and a member of the Nomination and Remuneration Committees. A member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants, Encik Iskander was formerly the Executive Director and Chief Executive Officer of Kenanga Fund Management Berhad. Having worked in the fund management industry since 1982, he had previously held various senior management roles in the fund management division/ subsidiary of Bumiputra Merchant Bankers Berhad and MIDF Berhad, where he was also a director of several MIDF subsidiary companies. He was the first (and for a few years thereafter) chairman of the Malaysian Association of Asset Managers, which he helped establish in November 1996. He also served on the Capital Market Advisory Council and was a member of the Bursa Malaysia Berhad Listing Committee and of the Institutional Shareholders' Pro Tem Committee under the Minority Shareholder Watchdog Group. He also sits on the Board of Trustees of a local educational foundation.

ENCIK AQIL AHMAD AZIZUDDIN

Aged 52, Malaysian

Non-Independent
Non-Executive Director

Encik Aqil began his career with DMSB where he held various senior management positions prior to his appointment to the Board on 18 May 2001. He is currently a member of MBMR's Audit Committee and the Chairman of DMSB and FAHB. He holds a Bachelor of Science degree in Business Economics and an Associate Degree in Commercial Graphics from Southern Illinois University, USA. He is also a director on the Board of Perodua.

MR. WONG WEI KHIN

Aged 43, Malaysian

Non-Independent
Non-Executive Director

Mr. Wong Wei Khin previously served MBMR as a corporate manager and was nominated to the Board on 23 May 2002. He is currently a member of the Nomination Committee. He graduated from the University of Sydney with a Bachelor of Economics and Bachelor of Laws degrees. He is also a member of the Board of DMSB.

MR. LOW HIN CHOONG

Aged 50, Malaysian

Non-Independent
Non-Executive Director

Mr. Low Hin Choong joined the Board on 18 May 2001 and is currently a member of the Remuneration Committee and heads the Information Systems & Information Technology Committee. He has more than 20 years experience in the IT industry, having worked as a systems analyst and software manager. He graduated from Queen's University of Belfast, United Kingdom with a Bachelor of Science (Honours) degree in Business Administration & Computer Science and is currently managing his own successful software applications business.

NOTES:

1. None of the Directors has any family relationship with any Director and/or major share holder of the Company.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors has been convicted of any offences other than traffic offences within the past 10 years.

Management Team

MR. LOOI KOK LOON
Managing Director

MR. POH CHEE KWAN
General Manager

MR. KONG KAM SEONG
Financial Controller

MR. CHENG SENG FOOK
Director,
Automotive Division

MR. TAN KHAY BOON
General Manager,
Manufacturing Division

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Statement on Corporate Governance

The Board of Directors of MBMR adheres to the best practice in its standards of business integrity in all its activities. This includes a commitment to follow the highest standards of corporate governance throughout the Group.

This statement sets out what the Board has considered the manner in which it has applied the Principles and complied with the Best Practices of the revised Malaysian Code on Corporate Governance released by the Securities Commission on 1 October 2007 (the "Code") throughout the financial year to 31 December 2010.

DIRECTORS

Composition of the Board

During the financial year ended 31 December 2010, the Board had seven members, six of whom are non-executive directors, two of whom are independent. No individual or group of individuals dominates the Board's decision-making and the number of directors fairly reflects the investment of the shareholders.

There is a clear division of responsibility between the Chairman and Managing Director to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Managing Director is responsible for the day-to-day running of the businesses of the group and to develop and implement strategies.

The Company considers that its complement of non-executive directors provide for an effective Board with a mix of industry-specific knowledge and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standards of conduct and integrity. The profile of the Board members are set out on pages 38 to 41.

One-third of the Board comprise independent directors since the Company recognises the contribution of independent directors as equal Board members to the development of the Company's strategies, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All independent directors are independent of management and free from any relationship that could interfere with their independent judgement.

Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board has four regularly scheduled meetings annually. In 2010, the Board held four meetings, for which dates and attendance are set out on page 49. At each regularly scheduled meeting, there is a full financial and business review and discussion, including trading performance to-date against the same period the year before.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 51 to 54), Nomination Committee, Remuneration Committee and Information Systems and Technology Committee.

Supply of Information

Each Board member receives quarterly operating results, including a comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be sufficiently briefed before the meeting.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance of their duties. Directors also have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

APPOINTMENTS OF THE BOARD AND RE-ELECTION

Nomination Committee

Chairman
Y. BHG. TAN SRI LEE LAM THYE JP
Independent Non-Executive Director

Members
EN. ISKANDER ISMAIL MOHAMED ALI
Independent Non-Executive Director

MR. WONG WEI KHIN
Non-Independent Non-Executive Director

Committee Members	Number of Nomination Committee meetings held	Number of meetings attended by members
Y. BHG. TAN SRI LEE LAM THYE JP	1	1
EN. ISKANDER ISMAIL MOHAMED ALI	1	1
MR. WONG WEI KHIN	1	1

The Nomination Committee met on 11 February 2010 and was fully attended by all members standing as of this date.

Nomination Policy and Procedure

During the financial year ended 31 December 2010, the Board had a Nomination Committee comprising two independent directors. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the Nomination Committee, Tan Sri Lee Lam Thye, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board.

The Nomination Committee also ensures that the Board has an appropriate balance of expertise and ability. For this purpose, the Committee regularly reviews the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors of candidates put forward by the directors. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director.

The directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring that all appointments are in order and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Listing Requirements of the Bursa Malaysia Securities Berhad and other regulatory requirements.

On appointment, directors take part in an induction programme where they receive the latest information about the Group. This is supplemented by visits to key locations and meetings with senior executives. Directors are also advised on appointment of their legal and other obligations as a director of a public-listed company.

In accordance with the Company's Articles of Association, all directors shall retire from office once at least in each three years but shall be eligible for re-election.

Remuneration Committee

Chairman
Y. BHG. TAN SRI LEE LAM THYE JP
Independent Non-Executive Director

Members
EN. ISKANDER ISMAIL MOHAMED ALI
Independent Non-Executive Director

MR. LOW HIN CHOONG
Non-Independent Non-Executive Director

Committee Members	Number of Remuneration Committee meetings held	Number of meetings attended by members
Y. BHG. TAN SRI LEE LAM THYE JP	1	1
EN. ISKANDER ISMAIL MOHAMED ALI	1	1
MR. LOW HIN CHOONG	1	1

The Remuneration Committee met on 11 February 2010 to deal with matters relating to 2009 and 2010 remuneration.

Remuneration Policy and Procedure

During the financial year ended 31 December 2010, the Remuneration Committee comprised two independent directors. The Remuneration Committee reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the executive directors.

The executive directors will not be present when matters affecting their own remuneration arrangements are considered. The determination of remuneration of non-executive directors is a matter for the Board as a whole. The non-executive directors abstain from discussing their own remuneration. The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

The remuneration package for the Chairman, Managing Director and other directors comprise some or all of the following elements:

- **Basic Salaries and Fees**

In setting the basic salary for each executive director, the Remuneration Committee takes into account the compensation practices of other companies and the performance of each individual director. Salaries are reviewed (although not necessarily increased) annually depending on the category of employment. Salaries are increased only where the Committee believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market pressures. The Board determines fees payable to all directors with the approval from shareholders at the Annual General Meeting.

- **Annual Incentive Plan (Bonus Scheme)**

The Group operates a bonus scheme for all employees, including the executive directors, and the criteria for this scheme is dependent on the financial performance of the Group. Bonus payable to the executive directors are reviewed by the Remuneration Committee and approved by the Board.

- **Retirement Plan**

Contributions are made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of all Malaysian-resident executive directors. A scheme of retirement gratuity is also provided for all eligible directors and is reviewed annually by the Remuneration Committee and approved by the Board.

- **Other Benefits**

Other benefits include car and driver allowance as well as medical insurance policy.

Directors' Remuneration

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

Directors	Number of Directors 2010	Number of Directors 2009
EXECUTIVE DIRECTORS:		
RM250,001 – RM300,000	–	1
RM400,000 – RM450,000	–	1
RM600,001 – RM650,000	1	–
NON-EXECUTIVE DIRECTORS:		
Below RM50,000	2	4
RM50,001 – RM100,000	4	1

Information Systems And Technology (IST) Committee

Chairman

MR. LOW HIN CHOONG

Non-Independent Non-Executive Director

Members

MR. KONG KAM SEONG

Group Financial Controller

MR. HOR LAOW YIK

Group Information Systems and Services Manager

Terms of Reference

The IST Committee was set up by the Board on 6 August 2009 to support the Board in formulating, implementing and administer the Group's information systems and information technology strategy and policies through the Group's Information Systems and Services ("ISS") department, in line with the Group's overall strategic plan. The IST Committee meets at least once a month, or more frequently, at its discretion. All members shall attend the meetings and other representatives from user groups from within the Group may attend meetings upon invitation of the IST Committee. The IST Committee reports to the Board at each Board meeting the progress of the activities undertaken by the Group ISS department.

The duties of IST Committee shall be:

- To serve as a channel of communication between Group ISS department and users of its services;
- To review the external auditors' management letters in areas pertaining to IST control and environment;
- To formulate and monitor the Group's IST implementation plan;
- To review, deliberate and recommend IST investment proposals to the Board for approval;
- To review, deliberate and approve annual budgets for IST; and
- To review the adequacy of the scope, functions and resources of the ISS department.

Director's Training
The Company arranges relevant training programs for all Directors. In addition, individual Directors may also attend additional training courses according to their needs as a director or member of Board Committees on which they serve. In 2010, all Directors have attended the following development and training programs to further enhance their skill and knowledge and complied with paragraph 15.09 of the Listing Requirements of Bursa Malaysia Securities Berhad.

	Seminar Name	Date	Attended by
1.	Leadership versus Management	13 July 2010	**TAN SRI LEE LAM THYE**
2.	CIO Malaysia Summit	20 September 2010	**MR LOW HIN CHOONG**
3.	Towards Corporate Governance Excellence for Sustainable Success	2 November 2010	**ALL DIRECTORS, EXCEPT TAN SRI LEE LAM THYE**

SHAREHOLDERS

Dialogue Between the Company and Investors
As part of the Board's responsibility in developing and implementing an investor relations programme, regular formal and informal dialogues were held between senior management and analysts/fund managers throughout the year. Permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to Bursa Malaysia has been made. During the year 2010, the Company held a formal analysts/fund managers briefing on 15 March 2010, conducted by the Managing Director and senior executives of the Group.

Annual General Meeting
The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and Annual Report are sent out to shareholders at least 21 days before the date of meeting.

Besides the usual agenda for the Annual General Meeting, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All directors are available to provide responses to questions from the shareholders during these meetings.

For re-election of directors, the Board ensures that full information is disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved will accompany items of special business included in the notice of the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to Bursa Malaysia and the Annual Report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 54 of this annual report.

Relationship with Auditors

The roles of the Audit Committee in relation to the auditors are stated in the Report on Audit Committee set out on pages 51 to 54. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

Corporate Social Responsibility

MBMR is committed to ensuring that our decisions and actions benefit our shareholders as well as our employees, society and the environment we operate in.

We strive to maintain safe and healthy working conditions for all employees. The Company encourages the practice of giving back to the community to which we have contributed to various charitable causes during the year.

Statement of Compliance with the Best Practice of the Code

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 18 April 2011.

DATO' ABDUL RAHIM ABDUL HALIM
CHAIRMAN

Attendance at Board of Directors' Meetings and Annual General Meeting

The number of Board of Director's meetings held during the directors' tenure in office in the current financial year and the number of meetings attended by each director are as follows:

Directors	Number of Board Meetings Held During Directors' Tenure in Office	Number of Meetings Attended by Directors
Y. Bhg. Dato' Abdul Rahim Abdul Halim (Chairman)	4	4
Mr. Looi Kok Loon	4	4
Y.Bhg. Tan Sri Lee Lam Thye JP	4	4
Encik Iskander Ismail Mohamed Ali	4	4
Encik Aqil Ahmad Azizuddin	4	4
Mr. Low Hin Choong	4	4
Mr. Wong Wei Khin	4	4

Date of Board of Directors' Meetings:

1) 11 February 2010
2) 24 May 2010
3) 17 August 2010
4) 11 November 2010

Annual General Meeting

The Sixteenth Annual General Meeting held on 24 May 2010 was attended by all directors.

Other Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad

Share Buyback

During the financial year, the company did not enter into any share buyback transactions.

Options or Warrants

During the financial year, 278,000 and 326,000 option shares of RM1.00 each were exercised at an option price of RM2.54 and RM2.43 per share respectively. The total number of unexercised share options as at 31 December 2010 was 2,831,000.

The company does not have any outstanding warrants during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR)

During the financial year, the Company did not sponsor any ADR or GDR.

Imposition Of Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the year.

Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Group and by the Company during the year.

Profit Estimate, Forecast and Projection

There were no variances of 10% or more between the results for the financial year and the unaudited results previously announced.

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Statement on Internal Control

RESPONSIBILITY

The Board of Directors of MBMR has overall responsibility for overseeing the Group's systems of internal control and for reviewing their effectiveness. This process lends support to the role of management of implementing the various policies on risk and control, which has been approved by the Board. Due to limitations that are inherent in any system of internal control, these systems are designed to manage and mitigate, rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Internal controls can only provide reasonable, and not absolute, assurance against material misstatement or loss.

KEY PROCESSES

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of the Annual Report and financial statements. Internal control weaknesses identified, which are not major, have been addressed by the management. None of the weaknesses has resulted in any material loss that would require disclosure in the Group's financial statements. The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the publication, **"Statement of Internal Control: Guidance for Directors of Public Listed Companies"**.

The key processes that the Board has established in reviewing the adequacy and integrity of the systems of internal control are as follows:

- The Group's risk management principles and procedures are clearly documented. The Group's management operates a risk management process that identifies the key risks faced by the Group. Further details of the Group's financial risk management policies are set out in Note 48 to the financial statements.

- The Board receives and reviews regular reports from the management on key operating statistics, legal, regulatory and environment matters that affect the Group operations. The Board approves appropriate responses, or significant amendments to the Group's policies, if required.

- There is a comprehensive budgeting and forecasting system in place that is governed by the policies and guidelines of the Group. The financial results of the various business lines of the Group are reported monthly in the management reports where variances are analysed against respective budget and acted on in a timely manner. Where necessary, budgets are revised at mid-year, taking into account any changes in business conditions.

- The Group's internal audit department, reporting to the Audit Committee, performs regular reviews of business processes against documented and approved policies to assess the overall effectiveness of internal controls and highlight any significant deviation from these policies that might enhance risks faced by the Group. The Audit Committee conducts annual reviews on the adequacy of the internal audit department's scope of work and resources.

- The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the internal audit department, the external auditors and the management.

- There is a clearly defined framework for appraising significant transactions that involve commitment of the Group's assets, such as the acquisition and disposal of any business, acceptance of projects, capital expenditure and approval of borrowings. Post implementation reviews are conducted and reported to the Board.

- Policies and standard operating procedures manuals are sent to all employees and these set out the Group's reporting hierarchy and procedures.

- There is Board representation in the Group's associate companies. Information on the financial performance of the associated companies is provided regularly to the Management of the Company, and ultimately to the Board of MBMR.

Statement made in accordance with the resolution of the Board of Directors dated 18 April 2011.

Report on Audit Committee

Membership Of The Audit Committee And Attendance

Chairman

ENCIK ISKANDER ISMAIL MOHAMED ALI
Independent Non-Executive Director

Members

Y. BHG. TAN SRI LEE LAM THYE JP
Independent Non-Executive Director

Y. BHG. DATO' ABDUL RAHIM ABDUL HALIM (resigned on 31 December 2010)
Non-Independent Non-Executive Director

ENCIK AQIL AHMAD AZIZUDDIN (appointed on 1 January 2011)
Non-Independent Non-Executive Director

Committee Members	Number of Audit Committee meetings held during members' tenure in office	Number of meetings attended by members
ENCIK ISKANDER ISMAIL MOHAMED ALI	4	4
Y. BHG. TAN SRI LEE LAM THYE JP	4	4
Y. BHG. DATO' ABDUL RAHIM ABDUL HALIM (resigned on 31 December 2010)	4	4
ENCIK AQIL AHMAD AZIZUDDIN (appointed on 1 January 2011)	-	-

The Audit Committee met on 10 February 2010, 11 May 2010, 16 August 2010 and 8 November 2010 and was fully attended by all members standing as of these dates, as well as by the Managing Director, Group General Manager, Group Financial Controller and Internal Auditors. At the appropriate instances, the external auditor and other members of management were invited to attend the Audit Committee meetings.

COMPOSITION AND TERMS OF REFERENCE

MEMBERS

The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members, a majority of whom are independent and all shall be non-executive directors, consistent with the Best Practices of the revised Malaysian Code on Corporate Governance released by the Securities Commission on 1 October 2007.

All members of the Audit Committee have a working familiarity with basic finance and accounting practices, and one of its independent non-executive members is a member of the Malaysian Institute of Accountants.

No alternate director shall be appointed as a member of the Audit Committee. The Board of Directors shall review the terms of office and performance of its members once every three years to determine whether they have carried out their duties in accordance with their terms of reference.

Should a vacancy in the Audit Committee occur resulting in the non-compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within 3 months from the date of the vacancy.

CHAIRMAN

The Chairman of the Audit Committee shall be approved by the Board of Directors and shall be an Independent Non-Executive Director.

MEETINGS

The Audit Committee meets at least four times a year, or more frequently, at its discretion. The Managing Director, Group Financial Controller, Internal Auditors and representatives of the external auditors will normally attend these meetings. Other Board members may attend meetings upon invitation of the Audit Committee.

However, it will meet at least once a year with the external auditors without the presence of executive directors and the management. The external auditors have the right to appear and be heard at any meetings of the Audit Committee and shall appear before it when required to do so by the Audit Committee.

The Company Secretary shall be Secretary of the Audit Committee.

QUORUM

A quorum should be two independent members, one of whom shall be the Chairman of the Audit Committee.

AUTHORITY

The Audit Committee is authorised by the Board of Directors to review any activity within its terms of reference. The Audit Committee is authorized to seek any information it may require from any director or member of management and it has full and unrestricted access to any information pertaining to the Group.

The Audit Committee shall obtain external professional advice and secure the attendance of outsiders with the relevant experience if deemed necessary, the expense of which will be borne by the Company.

The Audit Committee shall have direct communication channels and be able to convene meetings with the external auditors, without the presence of non-independent directors, if deemed necessary.

RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Audit Committee are:

FINANCIAL REPORTING

- To review the quarterly and year-end financial statements of the Group and the Company with Management, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumptions and compliance with applicable approved accounting standards and other legal and regulatory requirements;
- To discuss and note any new financial accounting standards that may be adopted into the financial reporting of the Group for any financial year;
- To prepare the annual Audit Committee Report for inclusion in the Group's Annual Reports; and
- To review the Board's Statements of Compliance with the Malaysian Code of Corporate Governance for inclusion the Group's Annual Reports.

INTERNAL CONTROL AND RISK MANAGEMENT REVIEWS

- To review annually the Group's critical areas of risk, and to ensure that these risks are properly identified, assessed and monitored;
- To ensure that the Group's systems of internal controls have been properly conceived and are in place;
- To ensure that there is proper compliance with the Group's established internal policies and procedures and that exceptions are reported to the Committee; and
- To recommend to the Board of Directors steps to improve the Group's systems of internal control and to minimize critical risks (as well as maximize areas of available opportunities) derived from the findings of the internal and external auditors.

INTERNAL AUDIT

- To review annually the adequacy of the scope, functions and resources of the internal auditors, and ensure that they have the necessary authority to carry out their work;
- To ensure that the importance and necessity of the internal audit functions are communicated effectively throughout the Group;
- To approve any appointment or termination of senior internal auditors; and
- To take cognizance of resignations of internal auditors and provide the opportunity for any resigning audit member to submit his reasons for resigning.

RELATED PARTY TRANSACTIONS

- To review recurrent related party transactions entered into by the Company, Group and its subsidiaries; and
- To consider any related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure or course of conduct that may affect management integrity.

EXTERNAL AUDIT

- To consider the appointment of the external auditors, the audit fees and any questions of as to their resignation or dismissal;
- To discuss with external auditors before the audit commences, their audit plan, the nature and scope of their audit;
- To discuss and resolve any problems and reservations arising from the interim and final audit of the Group's financial statements that the external auditors might have, and discuss any matters the external auditors may wish to table (in absence of management where necessary), before recommendation to the Board of Directors for their approval;
- To review with external auditors the Group's Statement of Internal Control before recommendation of the same for inclusion into the Group's Annual Reports; and
- To review the external auditors' management letters and management's responses.

OTHERS

- To consider the major findings of any internal investigation and the management's response;
- To have explicit authority to investigate certain matters, with the resources with which it needs to do so, e.g. professional advice, and with full access to information;
- To promptly report to Bursa Malaysia Securities Berhad on matters reported by it to the Board that have not been satisfactorily resolved that may result in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad; and
- To act on any matter as directed by the Board of Directors.

SUMMARY OF ACTIVITIES DURING 2010

In 2010, the Audit Committee discharged its duties in accordance to its Terms of Reference.

The Committee met four times during 2010, undertaking the following activities:

FINANCIAL REPORTING

- Reviewed the financial statements and related the quarterly announcements to Bursa Malaysia Securities Berhad, with emphasis on significant changes to accounting policies and practices, adjustments arising from audits, compliance with accounting standards and other legal requirements, before presentation of these financial statements and announcements to the Board of Directors for their approval, and subsequent release of the quarterly announcements to Bursa Malaysia Securities Berhad.
- Arranged for Directors to be updated on any new International Financial Reporting Standards that would be adopted into the quarterly and annual financial reports of the Group.

INTERNAL CONTROL AND RISK MANAGEMENT REVIEWS

- Reviewed the Group's risk management program, especially on those areas where the policies and procedures were in the process of being completed and on where there were previously identified weaknesses.
- Reviewed the reports and recommendations of the internal and external auditors on the Group's risk areas and systems of internal controls and made the appropriate recommendations to the Board of Directors.

INTERNAL AUDIT

- Discussed with Internal Auditors on their scope of work, adequacy of resources, management and employee cooperation and co-ordination with external auditors.
- Reviewed the reports prepared by the internal auditors on the state of internal control over the Group's functions and processes and any matters arising there from to ensure that appropriate action has or will be immediately taken to overcome any weaknesses, according to the internal audit recommendations.

RELATED PARTY TRANSACTIONS

- Reviewed related party transactions entered into by the Group and its subsidiaries to ensure that they were transacted in accordance with best practices.

EXTERNAL AUDITORS

- Reviewed with the external auditors the Group's Statement of Internal Control before recommending the same for inclusion in the Group's 2010 Annual Report.

- Reviewed the financial statements together with external auditors' management letter and management's responses, before recommending approval of the financial statements and reporting the external audit findings to the Board of Directors.
- Reviewed and discussed with external auditors their audit plan and scope for the year as well as the audit procedures to be utilized.
- Reviewed the external audit findings, focusing on the steps taken and assurances given by employees of the Group to be satisfied that all appropriate steps have been taken.

OTHERS

- The Chairman of Audit Committee regularly engaged with the Chairman of the Board of Directors, the Managing Director, the Group Financial Controller and the Internal Auditors in order to be kept informed of matters with regards to the Group and the Company's affairs.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported in its functions by the Group's Internal Audit Department, the Group's associates' audit committees and external auditors.

During the year, the Group outsourced its internal audit functions to Audex Governance Sdn. Bhd. ("Audex"), a member firm of the Institute of Internal Auditors Malaysia. The principal responsibility of Audex (herein referred to as "the IA") is to undertake regular and systematic reviews of the critical areas of risks the Group is exposed to and the systems of internal controls so as to provide reasonable assurance that such risks are minimised and the systems continue to operate satisfactorily and effectively in the Company and the Group.

The IA reports directly to the Audit Committee, and is independent of the activities it audits. The IA undertakes its functions based on the audit plan which has been approved by the Audit Committee and endorsed by the Board. The audit plan covers, inter alia, a review of operational controls, the effectiveness of management in identifying and managing principal risks, compliance with applicable laws and regulations, quality of assets and level of operational efficiencies. Internal audit reports are deliberated by the Audit Committee and recommendations are expected to be acted upon by Management within the time stipulated.

The cost incurred for the internal audit function in the financial year 2010 was made up of fees paid to the internal auditors amounting to RM79,000.

Statement of Directors' Responsibilities in Relation to the Financial Statements

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

List of Properties

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.10 (RM'000)
PROPRIETOR: Daihatsu (Malaysia) Sdn Bhd					
Lot 2B, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	9,821	Industrial land used as vehicle storage yard	20	Leasehold (expiring on 26.1.2087)	1,025
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	18	Leasehold (expiring on 13.3.2074)	1,351
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	18	Freehold	110
Lot 1, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	11,294 (4,860)	Industrial land with building used as showroom, workshop and office	22	Leasehold (expiring on 12.1.2086)	6,077
Lot 2A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	14,928 (4,608)	Industrial land with building used as body building, workshop and store	18	Leasehold (expiring on 26.1.2087)	4,419
Lot 68-G, 68-1 Lot 69-G, 69-1 Selayang Baru, Selangor Darul Ehsan	(944)	2 units of Ground & 1st Floor of shop office building	18	Leasehold (expiring in year 2092)	1,017
Apartment 401 Block 2, Jalan SS18/47 40000 Shah Alam Selangor Darul Ehsan	(66)	3-bedroom apartment used as accommodation for employees when attending training	18	Leasehold (expiring on 29.7.2096)	32
20, Jalan 54 Desa Jaya, Kepong 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	17	Leasehold (expiring on 8.3.2081)	607
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (750)	Land with double-storey building used as showroom and workshop	22	Freehold	1,817
32, Jalan Tun Razak 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	16	Leasehold (expiring on 21.12.2030)	1,343
Lot 1A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	15	Leasehold (expiring on 12.1.2086)	408
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2-storey terrace factory used as workshop	17	Leasehold (expiring in year 2092)	1,037
1, Jalan Memanda 7/1 Ampang Triangle Off Jalan Ampang 68000 Kuala Lumpur	304 (1,331)	Corner 4 1/2-storey shop lot used as showroom	15	Freehold	1,377
11A, Level 11, Genting View Resort Genting Highlands, Bentong Pahang Darul Makmur	(92)	3-bedroom apartment used for leisure and recreation	18	Freehold	128
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4-storey corner shophouse	14	Freehold	2,312

List of Properties

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.10 (RM'000)
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	16	Freehold	1,936
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu Sabah	127 (242)	Showroom	14	Leasehold (expiring on 6.2.2094)	577
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu Sabah	127 (242)	Showroom	14	Leasehold (expiring on 6.2.2094)	766
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	12	Leasehold (expiring in year 2094)	3,986
Lot 48 & 57, Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial land	16	Freehold	3,494
Units 3, 4, 7 and 8 Level 4 and 5, Block K Bandar Bukit Beruntung Apartments Selangor Darul Ehsan	(653)	8 units apartments	16	Freehold	128
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	16	Leasehold (expiring on 12.1.2067)	7,691
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	18	Freehold	1,716
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	19	Freehold	188
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11-storey office, commercial building	9	Leasehold (expiring in year 2098)	10,713
No 1, Jalan 7/3 Kawasan Perindustrian Sri Kembangan Selangor Darul Ehsan	25,287	Industrial land with 2 1/2 semi detached factory	11	Leasehold (expiring on 7.4.2088)	2,176
Lot 65, Section 22 Kuching Town District Sarawak	3,173	Industrial land with building used as showroom and workshop	8	Leasehold (expiring on 31.12.2090)	2,324
1/2 Miles, Jalan Tuaran PO Box 22432 Kota Kinabalu Sabah	10,361	Industrial land with building used as showroom, workshop and office	4	Leasehold	10,328
No 57, Jalan BRP 1/4, Bukit Rahman Putra 47000 Sg. Buloh Selangor Darul Ehsan	3,803	3 1/2-storey corner shop	6	Freehold	1,723
No.29, Jalan SR 1/9 Taman Serdang Raya 43300 Seri Kembangan Selangor Darul Ehsan	(1,944)	3 1/2-storey shop lot	4	Leasehold (expiring in16.6.2095)	963
Lot 12, Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur	5,364	Detached open sided factory	3	Leasehold (expiring in 27.4.2068)	7,884

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.10 (RM'000)
PROPRIETOR: DMM Sales Sdn Bhd					
1262, Jalan Baru 13700 Perai Pulau Pinang	10,775	Industrial land with building	12	Freehold	1,390
No 1, Jalan Damai Utama Taman Industri Damaiplus 83000 Batu Pahat Johor Darul Takzim	6,787	Industrial land with building	11	Freehold	1,269
PROPRIETOR: Federal Auto Holdings Berhad					
Lot 15, Section 95A No 9, Jalan Klang Kuala Lumpur	5,213	Industrial land with building used as showroom, workshop and office	41	Freehold	7,168
1103TS 910 NED Penang 89-A Sungei Pinang Road Penang	1,874	Industrial land with building used as showroom, workshop and office	28	Freehold	3,034
Lot 4297, Mukim of Kuala Kinta District of Kinta 127, Jalan Kuala Kangsar, Ipoh, Perak Darul Ridzuan	8,465	Industrial land with building used as showroom, workshop and office	28	Freehold	2,998
Lot No. 420 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	10,652	Industrial land with building used as showroom, workshop and office	27	Freehold	3,828
Lot 43, Jalan Pelukis U/46 Seksyen U1, Mukim Damansara Daerah Petaling	7,657	Industrial land with building used as showroom, workshop and office	2	Freehold	28,134
PROPRIETOR: F.A Serve Sdn Bhd					
Lot No. PT 13270 Mukim of Batu Kuala Lumpur	2,608	Petrol station	9	Freehold	2,124
PROPRIETOR: Oriental Metal Industries (M) Sdn Bhd					
Lot 51 Jalan Utas 15/7 40200 Shah Alam Selangor Darul Ehsan	26,756	Industrial land with building used as manufacturing plant and office	26	Leasehold (expiring on 4.5.2074)	17,935
Lot No 3, Jalan 5 Kawasan Bandar Sultan Sulaiman Port Klang Selangor Darul Ehsan	32,375	Vacant industrial land held for sale	-	Leasehold (expiring on 30.09.2090)	6,103
Lot 15017, Seksyen 20 Mukim Serendah Daerah Hulu Selangor Selangor Darul Ehsan	79,920	Industrial land with building used as manufacturing plant and office	2	Leasehold (expiring on 25.10.2098)	14,268
PROPRIETOR: Summit Vehicles Body Works Sdn Bhd					
Lot 42684, Jalan Omboh 34/1 Off Jalan Bukit Kemuning, Seksyen 34 40470 Shah Alam Selangor Darul Ehsan	13,850 (2,637)	Industrial land with building used as manufacturing plant and office	4	Freehold	6,186
					174,090

Analysis of Shareholdings

as at 18 April 2011

Authorised Share Capital	:	500,000,000
Paid-up & Issued Share Capital	:	242,766,667
Type of Shares	:	Ordinary Shares of RM1.00
No. of Shareholders	:	4,719
Voting Rights	:	One vote for every share

SIZE OF SHAREHOLDINGS

as at 18 April 2011

	No. of Holders	%	No. of Shares	%
1 - 1000	451	9.56	89,768	0.04
1001 - 10,000	3,597	76.22	11,970,329	4.93
10,001 - 100,000	552	11.70	17,081,237	7.04
100,001 - less than 5% of issued shares	115	2.44	84,127,532	34.65
5% and above of issued shares	4	0.08	129,497,801	53.34
	4,719	100	242,766,667	100

SUBSTANTIAL SHAREHOLDINGS

as at 18 April 2011

	Name of Shareholders	No. of Shares Held	%
1.	Med-Bumikar Mara Sdn. Bhd.	130,877,341[a]	53.91

Notes:

a Include deemed interest by virtue of its shareholding in Central Shore Sdn. Bhd.

CATEGORY OF SHAREHOLDERS

as at 18 April 2011

	Category of Shareholders	No.of Holders			No. of Securities			%		
		Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
		Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1	Individual	325	3,389	44	6,861,113	32,700,607	414,151	2.83	13.47	0.17
2	Body Corporate									
a.	Banks/ Finance Companies	18	7	-	15,913,500	48,633	-	6.56	0.02	-
b.	Investment Trusts/ Foundation/ Charities	2	-	-	55,233	-	-	0.02	-	-
c.	Other types of Companies	10	91	1	73,230,967	9,917,816	3,333	30.17	4.09	-
3	Government Agencies/ Institutions	4	1	-	8,514,720	1,500,000	-	3.51	0.62	-
4	Nominees	428	346	53	6,380,067	83,798,117	3,428,410	2.63	34.52	1.41
5	Others	-	-	-	-	-	-	-	-	-
	SUB TOTAL	**787**	**3,834**	**98**	**110,955,600**	**127,965,173**	**3,845,894**	**45.70**	**52.71**	**1.58**
	MALAYSIAN TOTAL	**4,621**			**238,920,773**			**98.42**		
	GRAND TOTAL (Malaysian + Foreign)			**4,719**			**242,766,667**			**100**

LIST OF TOP 30 SHAREHOLDERS
as at 18 April 2011

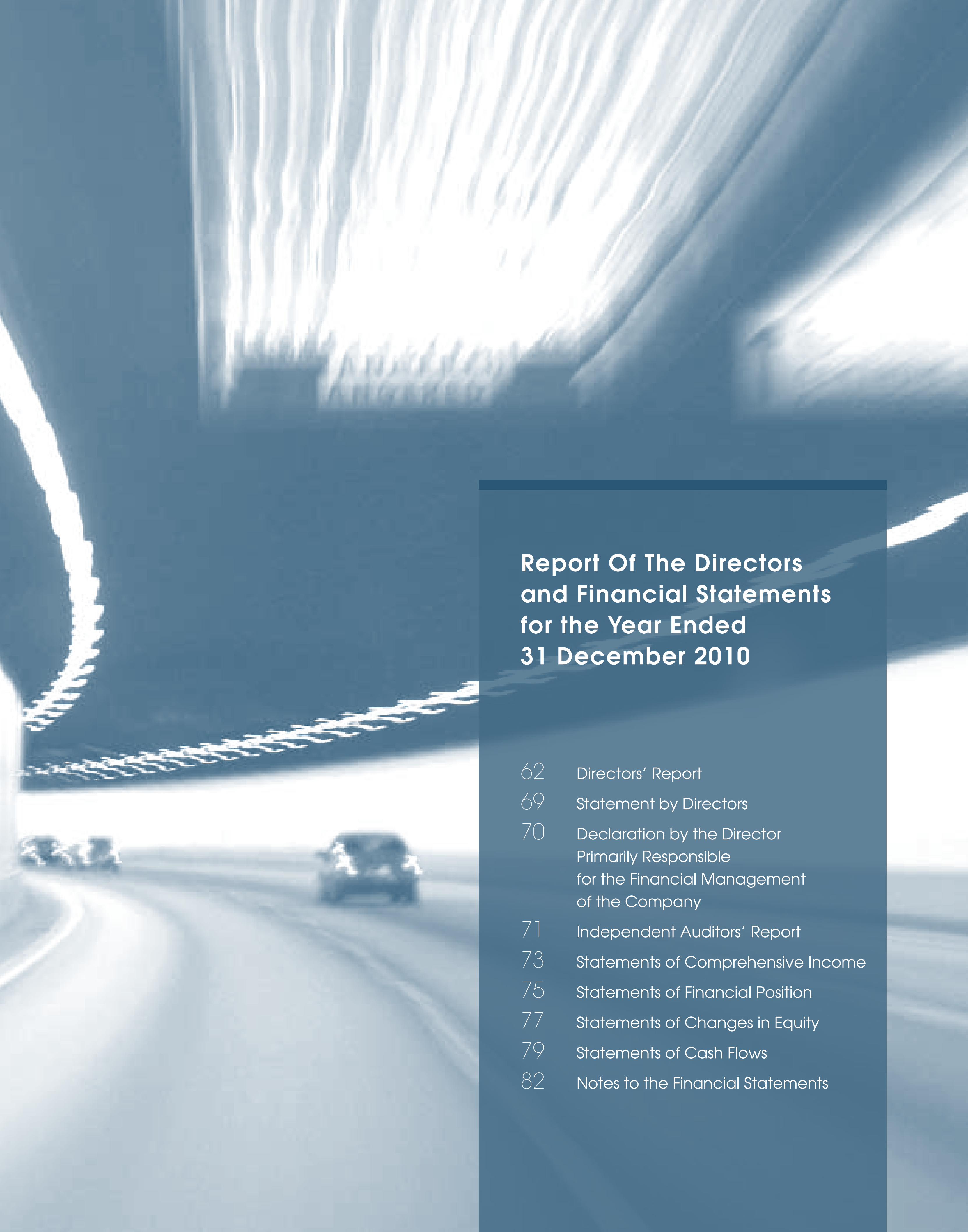
	Names	Holdings No. Of Shares	%
1	Med-Bumikar Mara Sdn Bhd	72,497,801	29.86
2	Public Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Med-Bumikar Mara Sdn Bhd	57,000,000	23.48
3	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	10,915,633	4.50
4	Valuecap Sdn Bhd	8,400,000	3.46
5	Lembaga Tabung Haji	4,663,065	1.92
6	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	4,455,000	1.84
7	Permodalan Nasional Berhad	3,650,000	1.50
8	Amanahraya Trustees Berhad Sekim Amanah Saham Nasional	3,293,300	1.36
9	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Pheim)	2,880,600	1.19
10	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputra	2,162,100	0.89
11	Looi Kum Pak @ Looi Kam Phak	2,114,876	0.87
12	Yap Lim Sen	1,726,918	0.71
13	Employees Profident Fund Board	1,500,000	0.62
14	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For Pacific Pearl Fund (UT-PM-PPF)	1,443,100	0.59
15	Central Shore Sdn Bhd	1,379,540	0.57
16	Citigroup Nominees (Tempatan) Sdn Bhd	1,379,300	0.57
17	Twin Ritz Sdn Bhd	1,246,200	0.51
18	Zaharah binti Nordin	1,000,000	0.41
19	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	968,700	0.40
20	Khoo Loh See @ Khoo Roh See	947,033	0.39

LIST OF TOP 30 SHAREHOLDERS
as at 18 April 2011

	Names	Holdings No. Of Shares	%
21	Summit Holdings Sdn Bhd	925,000	0.38
22	Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked GF)	895,600	0.37
23	Yap Siew Chin	895,598	0.37
24	Ahmad Azizuddin bin Haji Zainal Abidin	868,226	0.36
25	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustees Bhd for MAAKL Al-Faid (4389)	859,900	0.35
26	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	805,033	0.33
27	NGT Holdings Sdn Bhd	702,323	0.29
28	Abd Rahim bin Abd Halim	657,828	0.27
29	Yayasan Teratai	617,100	0.25
30	Ooi Eng See @ Eng Ang Siee	602,000	0.25
	TOTAL	**191,451,774**	**78.86**

DIRECTORS' SHAREHOLDINGS
as at 18 April 2011

Name of Share Holders	No of Shares Held Direct	Indirect	Total	%
Dato' Abdul Rahim Abdul Halim	657,828	1,350,000	2,007,828	0.83%
Looi Kok Loon	393,243	2,997,180	3,390,423	1.40%
Y. Bhg Tan Sri Lee Lam Thye JP	-	-	-	-
Iskander Ismail Mohamed Ali	-	-	-	-
Aqil Ahmad Azizuddin	560,066	3,038,559	3,598,625	1.48%
Low Hin Choong	20,000	895,598	915,598	0.38%
Wong Wei Khin	573,333	893,438	1,446,771	0.60%



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MBM RESOURCES BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of MBM RESOURCES BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 49 to the financial statements.

During the financial year, the Group discontinued one of its automotive component operations involved in manufacturing, designing and supplying automotive parts and components upon the disposal of a subsidiary, WSA Capital Corporation Sdn. Bhd. (together with its subsidiaries and jointly controlled entity).

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	**The Company RM'000**
Profit for the year from continuing operations	161,373	42,766
Results from discontinued operations	1,122	-
Profit for the year	162,495	42,766
Profit attributable to:		
Owners of the Company	142,136	42,766
Minority interests	20,359	-
	162,495	42,766

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the disposal of subsidiary as mentioned above.

DIVIDENDS

The amounts of dividends paid by the Company since 1 January 2010 are as follows:

	RM'000
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
Second interim single tier dividend of 3% on 242,072,667 ordinary shares, declared on 11 February 2010 and paid on 18 March 2010	7,262
In respect of the financial year ended 31 December 2010:	
First interim single tier dividend of 5% on 242,476,667 ordinary shares, declared on 17 August 2010 and paid on 22 September 2010	12,124
	19,386

On 17 February 2011, the directors declared a second interim single tier dividend of 5% on 242,766,667 ordinary shares amounting to RM12,138,333 and a special single tier dividend of 3% on 242,766,667 ordinary shares amounting to RM7,283,000 in respect of the current financial year ended 31 December 2010. The financial statements for current financial year do not reflect these declared dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM242,072,667 to RM242,676,667 by the issuance of 278,000 and 326,000 new ordinary shares of RM1.00 each at an issue price of RM2.54 and RM2.43 per ordinary share respectively, for cash pursuant to the exercise of options under the Company's Employees Share Option Scheme ("ESOS").

The resulting share premium of RM894,300 arising from the issue of shares had been credited to the share premium account.

The new ordinary shares issued during the current financial year rank pari passu in all respects with the then existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

SHARE OPTIONS

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 August 2002. The ESOS was implemented on 2 September 2002 and is to be in force for a period of 10 years from the date of implementation.

The main features of the ESOS and the movements in the share options for the year ended 31 December 2010 are disclosed in Note 32(b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 200,000 ordinary shares of RM1 each.

Details of the options granted to directors are disclosed in the section on Directors' Interests in this report.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Abdul Rahim bin Abdul Halim
Looi Kok Loon
Tan Sri Lee Lam Thye
Iskander bin Ismail Mohamed Ali
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin
Low Hin Choong
Wong Wei Khin

In accordance with Article 78 of the Company's Articles of Association, Mr. Wong Wei Khin and Mr. Low Hin Choong retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company and in the related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	No. of Ordinary Shares of RM1 each			
	Balance as of 1.1.2010	Bought	Sold	Balance as of 31.12.2010
Shares in the Company				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	657,828	-	-	657,828
Looi Kok Loon	393,243	-	-	393,243
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	596,666	150,000	(186,600)	560,066
Low Hin Choong	20,000	-	-	20,000
Wong Wei Khin	573,333	-	-	573,333
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	1,350,000	-	-	1,350,000
Looi Kok Loon	2,452,247	230,933	-	2,683,180
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	3,522,259	-	(483,700)	3,038,559
Low Hin Choong	895,598	-	-	895,598
Wong Wei Khin	897,104	67,800	(59,800)	905,104
Shares in the holding company, Med-Bumikar Mara Sdn. Bhd.				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	5,686,650	-	-	5,686,650
Wong Wei Khin	1,023,489	-	-	1,023,489
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	-	1,000,000	-	1,000,000
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	2,430,065	-	-	2,430,065
Looi Kok Loon	5,882,856	-	-	5,882,856
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	6,799,853	-	(1,000,000)	5,799,853
Wong Wei Khin	4,544,565	-	-	4,544,565

In addition to the above, the following director is deemed to have interest in the shares of the Company by virtue of the options granted to him pursuant to the ESOS of the Company:

	No. of options over ordinary shares of RM1 each			
	Balance as of 1.1.2010	Granted	Exercised	Balance as of 31.12.2010
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	150,000	-	(150,000)	-

By virtue of the above directors interest in the shares of the Company and of the holding company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company and the holding company have an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salaries of full-time employees of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to a director in prior year pursuant to the Company's ESOS as disclosed above.

HOLDING COMPANY

The immediate and ultimate holding company of the Company is Med-Bumikar Mara Sdn. Bhd., a company incorporated in Malaysia.

SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 45 to the financial statements.

SUBSEQUENT EVENTS

The significant events subsequent to the end of financial year are disclosed in Note 46 to the financial statements.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

____

DATO' ABDUL RAHIM BIN ABDUL HALIM

____

LOOI KOK LOON

Kuala Lumpur
18 April 2011

Statement by Directors

The directors of **MBM RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of the results of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 52 to the financial statements, which is not part of the financial statements, is prepared in all material respects, in accordance to Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

DATO' ABDUL RAHIM BIN ABDUL HALIM

LOOI KOK LOON

Kuala Lumpur
18 April 2011

Declaration by the Director Primarily Responsible for the Financial Statements of the Company

I, **LOOI KOK LOON**, the director primarily responsible for the financial management of **MBM RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

____

LOOI KOK LOON

Subscribed and solemnly declared by the abovenamed **LOOI KOK LOON** at **PETALING JAYA** this 18th day of April 2011.

Before me,

____

PN KOH TWEE YONG @ KOH TWEE SIEW (B357)
COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of MBM Resources Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MBM RESOURCES BERHAD, which comprise the statements of financial position of the Group and of the Company as of 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 73 to 161.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and Companies Act, 1965 in Malaysia and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act;

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(c) Our auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 52 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TEO SWEE CHUA
Partner - 2846/01/12 (J)
Chartered Accountant

18 April 2011

Statements of Comprehensive Income

for the year ended 31 December 2010

		The Group		The Company	
	Notes	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Continuing operations					
Revenue	5	1,528,494	1,101,638	45,893	30,237
Cost of sales	6	(1,401,421)	(1,006,066)	-	-
Gross profit		127,073	95,572	45,893	30,237
Other income		24,193	17,785	-	-
Administrative and other expenses		(53,015)	(48,102)	(3,687)	(3,996)
Selling and marketing expenses		(46,764)	(34,800)	-	-
Finance costs	7	(755)	(1,164)	(100)	(24)
Interest income	8	2,680	1,850	1,200	869
Share of results of associates		118,990	54,113	-	-
Gain recognised on disposal of subsidiary		-	-	2,600	-
Profit before tax	9	172,402	85,254	45,906	27,086
Income tax expense	13	(11,029)	(14,445)	(3,140)	(2,779)
Profit for the year from continuing operations		161,373	70,809	42,766	24,307
Discontinued operations					
Results from discontinued operations	12	1,122	5,902	-	-
PROFIT FOR THE YEAR		162,495	76,711	42,766	24,307

(Forward)

Statements of Comprehensive Income

for the year ended 31 December 2010 (contd.)

	Notes	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
Other comprehensive income					
Share of revaluation (deficit)/surplus arising from fair value adjustments of assets in an associate		(16)	485	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		162,479	77,196	42,766	24,307
Profit attributable to:					
Owners of the Company		142,136	66,532	42,766	24,307
Minority interests		20,359	10,179	-	-
		162,495	76,711	42,766	24,307
Total comprehensive income attributable to:					
Owners of the Company		142,121	66,990	42,766	24,307
Minority interests		20,358	10,206	-	-
		162,479	77,196	42,766	24,307
Earnings per share	14				
From continuing and discontinued operations					
Basic (sen per share)		58.6	27.5		
Diluted (sen per share)		58.0	-		
From continuing operations					
Basic (sen per share)		58.8	25.7		
Diluted (sen per share)		58.2	-		
Net dividends per ordinary share (sen)	15	8.00	9.00		

The accompanying Notes form an integral part of the financial statements.

Statements of Financial Position
as of 31 December 2010

	Notes	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	16	133,039	135,983	374	475
Investment properties	17	12,703	21,560	-	-
Prepaid land lease payments	18	39,596	42,713	-	-
Investment in subsidiaries	19	-	-	104,132	112,632
Investment in associates	20	619,783	540,776	173,989	173,989
Jointly controlled entity	21	-	54	-	-
Held-to-maturity investment	22	1,000	1,000	-	-
Hire purchase receivables	23	-	155	-	-
Goodwill on consolidation	24	11,435	14,799	-	-
Total non-current assets		817,556	757,040	278,495	287,096
Current Assets					
Inventories	25	199,032	133,936	-	-
Trade receivables	26	94,577	81,136	-	-
Other receivables and prepaid expenses	27	40,574	22,624	123	82
Tax recoverable		6,059	3,264	1,631	1,742
Amount owing by subsidiaries	28	-	-	57,594	73,740
Cash and bank balances	29	182,818	151,416	84,512	34,320
		523,060	392,376	143,860	109,884
Non-current assets classified as held for sale	30	6,103	6,103	-	-
Total current assets		529,163	398,479	143,860	109,884
Total Assets		1,346,719	1,155,519	422,355	396,980

(Forward)

	Notes	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	32	242,677	242,073	242,677	242,073
Reserves	33	775,545	652,201	177,122	152,848
Equity attributable to owners of the Company		1,018,222	894,274	419,799	394,921
Minority interests		145,782	136,151	-	-
Total equity		1,164,004	1,030,425	419,799	394,921
Non-current and Deferred Liabilities					
Long-term borrowings	34	21,199	18,481	-	-
Deferred tax liabilities	35	136	1,716	-	-
Provision for retirement benefits	36	1,619	2,356	1,535	1,295
Hire purchase payables - non-current portion	41	56	180	-	-
Total non-current and deferred liabilities		23,010	22,733	1,535	1,295
Current Liabilities					
Provision for liabilities	37	3,751	2,616	-	-
Short term borrowings	34	17,483	12,309	-	24
Trade payables	38	98,208	65,138	-	-
Other payables and accrued expenses	39	38,034	20,813	375	536
Amount owing to holding company	40	646	204	646	204
Hire purchase payables - current portion	41	15	110	-	-
Tax liabilities		1,568	1,171	-	-
Total current liabilities		159,705	102,361	1,021	764
Total liabilities		182,715	125,094	2,556	2,059
Total Equity and Liabilities		1,346,719	1,155,519	422,355	396,980

The accompanying Notes form an integral part of the financial statements.

Statements of Changes in Equity

for the Year Ended 31 December 2010

The Group	Notes	Share capital RM'000	Non-distributable reserves Share premium RM'000	Non-distributable reserves Revaluation reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to equity holders of the Company RM'000	Minority interests RM'000	Total RM'000
Balance as of 1 January 2009		242,073	30,539	-	576,459	849,071	130,577	979,648
Dividends distributed to owners of the Company	15	-	-	-	(21,787)	(21,787)	-	(21,787)
Dividends paid/payable by subsidiary		-	-	-	-	-	(4,632)	(4,632)
		242,073	30,539	-	554,672	827,284	125,945	953,229
Total comprehensive income for the year		-	-	-	66,532	66,532	10,179	76,711
Other comprehensive income for the year		-	-	458	-	458	27	485
Balance as of 31 December 2009		242,073	30,539	458	621,204	894,274	136,151	1,030,425
Balance as of 1 January 2010		242,073	30,539	458	621,204	894,274	136,151	1,030,425
Effects of change in accounting policy (Note 2)		-	-	-	(285)	(285)	(66)	(351)
As restated		242,073	30,539	458	620,919	893,989	136,085	1,030,074
Dividends distributed to owners of the Company	15	-	-	-	(19,386)	(19,386)	-	(19,386)
Dividends paid/payable by subsidiary		-	-	-	-	-	(6,128)	(6,128)
		242,073	30,539	458	601,533	874,603	129,957	1,004,560

(Forward)

Statements of Changes in Equity
for the Year Ended 31 December 2010 (contd.)

The Group	Notes	Share capital RM'000	Non-distributable reserves Share premium RM'000	Non-distributable reserves Revaluation reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to equity holders of the Company RM'000	Minority interests RM'000	Total RM'000
Total comprehensive income for the year		-	-	-	142,136	142,136	20,359	162,495
Other comprehensive income for the year		-	-	(15)	-	(15)	(1)	(16)
Effect of discontinued Operations	31	-	-	-	-	-	(4,533)	(4,533)
Issue of ordinary shares pursuant to ESOS	32	604	894	-	-	1,498	-	1,498
Balance as of 31 December 2010		242,677	31,433	443	743,669	1,018,222	145,782	1,164,004

The Company	Note	Share capital RM'000	Non-Distributable reserve - Share premium RM'000	Distributable reserve - Retained earnings RM'000	Total RM'000
Balance as of 1 January 2009		242,073	30,539	119,789	392,401
Dividends	15	-	-	(21,787)	(21,787)
Total comprehensive income for the year		-	-	24,307	24,307
Balance as of 31 December 2009		242,073	30,539	122,309	394,921
Balance as of 1 January 2010		242,073	30,539	122,309	394,921
Dividends	15	-	-	(19,386)	(19,386)
Total comprehensive income for the year		-	-	42,766	42,766
Issue of ordinary shares pursuant to ESOS	32	604	894	-	1,498
Balance as of 31 December 2010		242,677	31,433	145,689	419,799

The accompanying Notes form an integral part of the financial statements.

Statements of Cash Flows

for the Year Ended 31 December 2010

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the year	162,495	76,711	42,766	24,307
Adjustments for:				
Income tax expense	11,029	14,698	3,140	2,779
Share of results of associates	(118,990)	(54,113)	-	-
Depreciation of:				
Property, plant and equipment	8,658	8,625	109	109
Investment properties	144	165	-	-
Amortisation of prepaid land lease payments	542	466	-	-
Finance costs	755	2,455	100	24
Provision for:				
Defined benefit plans	495	677	-	-
Retirement gratuity	240	200	240	200
Property, plant and equipment written off	10	10	-	-
Allowance for doubtful debts	350	347	37	-
Bad debts written off	-	1,570	-	-
Reversal of allowance for doubtful debts	(75)	-	-	-
Provision/(Reversal of provision) for:				
Service maintenance	1,111	419	-	-
Warranty	843	-	-	-
Claims for compensation	(180)	(314)	-	-
Bad debts recovered	(18)	(151)	-	-
(Gain)/Loss on disposal of:				
Investment properties and prepaid land lease payments	(1,834)	(1,740)	-	-
Property, plant and equipment	(1,967)	(803)	-	-
Subsidiaries	4,832	-	(2,600)	-
Impairment loss of investment in a subsidiary	-	-	-	1,309
Unrealised foreign exchange gain	-	(102)	-	-
Allowance for slow moving inventories	168	305	-	-
Write down of inventories	533	2,833	-	-
Dividend income	-	-	(45,137)	(29,925)
Interest income on amount owing by subsidiaries	-	-	-	(376)
Interest income	(2,680)	(1,850)	(1,043)	(493)

(Forward)

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Operating profit/(loss) before working capital changes	66,461	50,408	(2,388)	(2,066)
Movements in working capital:				
(Increase)/Decrease in:				
Receivables	(48,687)	(24,346)	(78)	-
Inventories	(75,874)	7,169	-	-
Net changes in related company balances	452	14	16,588	(4,155)
Increase/(Decrease) in:				
Payables	58,739	32,093	(161)	212
Provisions	(442)	(1,015)	-	-
Cash Generated From/(Used In) Operations	649	64,323	13,961	(6,009)
Income tax refunded	635	1,933	169	1,415
Income tax paid	(14,441)	(11,580)	(4)	(3)
Net Cash (Used In)/ From Operating Activities	(13,157)	54,676	14,126	(4,597)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from:				
Subsidiaries	-	-	9,579	9,712
Associates	39,819	19,810	32,364	15,974
Interest income on amount owing by subsidiaries	-	-	-	376
Interest received	2,680	1,850	1,043	493
Purchase of property, plant and equipment	(28,593)	(23,557)	(8)	(19)
Additions to prepaid land lease payments	-	(9)	-	-
Proceeds from disposal of:				
Property, plant and equipment	2,870	2,133	-	-
Investment properties and prepaid land lease payments	10,855	2,668	-	-
Subsidiaries	9,481	-	11,100	-
Short-term investment held under Al-Mudharabah General Investment ("Facility") on lien to a bank for the said Facility	-	134	-	-
Long-term investments under structured income fund	-	(1,000)	-	-
Net Cash From Investing Activities	37,112	2,029	54,078	26,536

(Forward)

	Notes	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(19,386)	(21,787)	(19,386)	(21,787)
Dividends paid to minority interest of a subsidiary		(6,128)	(4,033)	-	-
Proceeds from issue of shares		1,498	-	1,498	-
Finance costs paid		(755)	(2,455)	(100)	(24)
Net increase/(repayment of):					
Term loan		18,371	3,778	-	-
Other borrowings		14,100	(2,511)	-	-
Hire purchase payables		(219)	(191)	-	-
Net Cash From/(Used In) Financing Activities		7,481	(27,199)	(17,988)	(21,811)
NET INCREASE IN CASH AND CASH EQUIVALENTS		31,436	29,506	50,216	128
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		149,952	120,446	34,296	34,168
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	29	181,388	149,952	84,512	34,296

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 49.

During the financial year, the Group discontinued one of its automotive component operations involved in manufacturing, designing and supplying automotive parts and components upon the disposal of a subsidiary, WSA Capital Corporation Sdn. Bhd. (together with its subsidiaries and jointly controlled entity).

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The registered office of the Company is located at Suite C-5-4, Wisma Goshen, Plaza Pantai, Jalan Pantai Baharu, 59200 Kuala Lumpur, Malaysia and the principal place of business of the Company is located at No. 1-6, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 18 April 2011.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

In financial year 2009, the Company adopted FRS: 8 Operating Segments in advance of its effective date (i.e annual period beginning on or after 1 July 2009).

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision makers in order to allocate resources to the segments and to assess their performance.

Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and revised FRSs and Issues Committee Interpretations ("IC Ints.") which are mandatory for financial periods beginning on or after 1 January 2010 as follows:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)

FRS 7	Financial Instruments: Disclosures
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition)
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation)
FRS 139	Financial Instruments: Recognition and Measurement
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets – effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127)

Improvements to FRSs issued in 2009

IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 - Group and Treasury Share Transactions
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of these new and revised FRSs and IC Ints did not result in significant changes in the accounting policies of the Group and of the Company and have no significant effect on the financial performance or position of the Group and of the Company except for those stated below:

FRS 7: Financial Instruments: Disclosures

FRS 7 and the consequence amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and process for managing capital.

Comparative disclosure have not been presented upon initial adoption of this Standard as the Group and the Company have availed themselves of the transitional provision in this Standard.

FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively.

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

There is no impact on the Group's and the Company's financial statements as this change in accounting policy affects only the presentation of the Group's and the Company's financial statements.

The revised FRS101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

Financial assets were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial liabilities were classified as either financial liabilities at fair value through profit or loss or other financial liabilities (i.e. those financial liabilities which are not held for trading or designated as at fair value through profit or loss upon initial recognition). The accounting policies for financial assets and financial liabilities are as disclosed in Note 3 to the financial statements.

This standard was adopted prospectively by the Group and the Company, in accordance with the transitional provisions in FRS 139.

All financial assets and financial liabilities within the scope of FRS 139 are recognised and re-measured accordingly, with the related adjustments taken to opening retained earnings as of 1 January 2010. The adoption of FRS 139 has affected the amounts reported in these financial statements as follow:

Derivative financial instruments (foreign currency forward contract)

Previously, derivative financial instruments were recognised on settlement date and not upon inception of the contract.

Upon adoption of FRS 139, all derivative financial instruments held by the Group were recognised in the statements of financial position as financial assets or financial liabilities through profit or loss at the date the contracts were entered into. As of 1 January 2010, the differences between the fair value and the notional amount of outstanding foreign currency forward contracts in an associate amounted to RM351,000. Consequently, an adjustment of the same amount was taken to opening retained earnings as of 1 January 2010.

FRS and IC Interpretations ("IC Int.") Issued but Not Effective

At the date of authorisation for issue of these financial statements, the FRSs, IC Int. and amendments to FRSs and IC Int. which were issued but not yet effective are as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (revised in 2010)[1]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First time Adopters)[2]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters)[2]

FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)[1]
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)[2]
FRS 3	Business Combinations (revised in 2010)[1]
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)[1]
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)[2]
FRS 124	Related Party Disclosures (revised)[3]
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010)[1]
FRS 128	Investment in Associates (revised)[1]
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of right issue)[4]
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)[1]
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)[1]

Improvements to FRSs (issued in 2010)[2]

IC Int. 4	Determining whether an Arrangement contains a Lease[2]
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)[1]
IC Int. 12	Service Concession Arrangements[1]
IC Int. 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)[7]
IC Int. 15	Agreements for the Construction of Real Estate[5]
IC Int. 16	Hedges of a Net Investment in a Foreign Operation[1]
IC Int. 17	Distributions of Non-cash Assets to Owners[1]
IC Int. 18	Transfers of Assets from Customers[6]
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments[7]

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 January 2012
[4] Effective for annual periods beginning on or after 1 March 2010
[5] Original effective date of 1 July 2009 deferred to 1 January 2012 via amendment issued by Malaysian Accounting Standards Board on 30 August 2010
[6] Applied prospectively to transfers of assets from customers received on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 July 2011

The directors anticipate that abovementioned standards and IC interpretations will be adopted in the financial statements of the Group and the Company when they become effective and that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group and the Company in the period of initial application except for the following:

FRS 3: Business Combinations (Revised)

The revised FRS 3:

(i) allows a choice on a transaction-by-transaction basis for the measurement of non- controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

(iii) requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 127: Consolidated and Separate Financial Statements (Revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit and loss.

Under FRS 127 (Revised), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (Revised) requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit and loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to the end of the financial year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Company owns, directly or indirectly through subsidiaries, more than half of the voting power of the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Uniform accounting policies are adopted in the Group's financial statements for like transactions and events in similar circumstances.

Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination (refer to policy on "Business Combinations" below) and the minority interest's share of changes in equity since the date of combination. Losses applicable to the minority interest in excess of the minority interest's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority interest has a binding obligation and is able to make an additional investment to cover its share of these losses.

Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3: Business Combinations, is recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investment in Subsidiaries

A subsidiary is an entity over which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investment in subsidiaries, which is eliminated on consolidation, is stated at cost less impairment losses, if any, in the Company's separate financial statements.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investment in associates is stated at cost less impairment losses, if any, in the Company's separate financial statements.

Jointly Controlled Entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in accounting policy - "Investment in Associates".

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in statement of comprehensive income.

Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiaries over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Non-Current Assets Classified as Held for Sale

Non-Current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, assets (other than deferred tax assets, employee benefit assets, financial assets and inventories) are measured in accordance with FRS 5 that is the lower of carrying amount and fair value less cost to sell. Any differences are included in profit or loss.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of Goods

Revenue is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of the goods.

(ii) Revenue from Services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(iii) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Interest Income

Interest income from hire purchase transactions is recognised on the sum of digits method. When an account become non-performing, interest is suspended until it is realised on cash basis. Hire purchase accounts are deemed to be non-performing when repayments are in arrears for more than six months.

(v) Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Foreign Currency

(i) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purposes of the consolidated financial statements, the results and the financial position of each group entity are expressed in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in foreign currencies other than the entity's functional currency (i.e. foreign currencies) are recorded at the rates prevailing at the dates of the transactions. At each end of the reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss in the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss in the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, paid annual leaves, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

The Company and certain subsidiaries make statutory contributions to approved provident fund and the contributions are charged to profit or loss for the period. The approved provident fund is a defined contribution plan. Once the contributions have been paid, there are no further payment obligations.

(iii) Retirement Benefits

The Company operates an unfunded scheme for its eligible employees based on certain terms of the employment contract. The Company's net obligations in respect of the plan are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Contributions relating to the plan are charged to the profit or loss when incurred.

Daihatsu (Malaysia) Sdn. Bhd. and its subsidiaries ("Daihatsu Group") operate a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. Daihatsu Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

The amounts recognised in the statements of financial position represent the present value of the defined benefit obligations for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets for Daihatsu Group and full provision for eligible employees for the Company.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense for the year comprises current and deferred tax.

<u>Current tax</u>

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax

Deferred tax is accounted for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an assets or liabilities in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes by same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

Freehold land and building under construction are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write down the cost of the various property, plant and equipment to their residual values over their estimated useful lives at the following annual rates:

Buildings	2% - 5%
Plant and machinery	5% - 33 1/3%
Renovations and leasehold improvements	10% - 33 1/3%
Furniture, fixtures, fittings, equipment and tools and implement	5% - 33 1/3%
Motor vehicles	20% - 25%

The residual values, estimated useful lives and depreciation method are reviewed at each end of the reporting period and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Investment Properties

Investment properties, comprising certain freehold land and buildings and leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Freehold land within investment properties is not depreciated. Freehold buildings and leasehold buildings are depreciated on the straight-line method at an annual rates of 1% - 5%.

Impairment of Non-financial Assets Excluding Goodwill

At each end of the reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance Lease - the Group as Lessee

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicits in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reductions of the outstanding liability. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

(iii) Operating Lease - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land and buildings elements of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and is amortised on a straight-line basis over the lease term.

Leasehold land recognised as prepaid land lease payments are amortised in equal instalments over their lease periods ranging from 31 years to 99 years.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises cost of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation by the end of reporting period, and are discounted to present value where the effect is material.

Provisions for estimated expenses related to policy and product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims. Revision to the provisions for estimated policy and products warranties is made when necessary, base on changes in these factors. We actively study trends of claims and take action to improve vehicle quality and minimise claims.

At each end of the reporting period, provisions are reviewed by the Directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial Assets

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the profit or loss. Fair value is determined in the manner described in Note 48.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit or loss. Fair value is determined in the manner described in Note 48.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) Allowance for doubtful debts

Allowance for doubtful debts is made based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(b) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140: Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on annual basis. This requires an estimation of the value in use of the cash generating units ("CGU") to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of 31 December 2010 is RM11,435,000 (2009: RM14,799,000). Further details are disclosed in Note 24.

(d) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Impairment of property, plant and equipment and investment properties

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the property, plant and equipment and investment properties. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from these assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment and investment properties of the Group as at 31 December 2010 are disclosed in Notes 16 and 17 respectively.

5. REVENUE

Revenue from continuing operations of the Group and the Company consist of the following:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods and services	1,528,267	1,101,278	-	-
Interest income from hire-purchase receivables	129	212	-	-
Property and car rental income	98	148	-	-
Gross dividends from:				
Subsidiaries	-	-	12,773	13,951
Associates	-	-	32,364	15,974
Management fee receivable from subsidiaries	-	-	756	312
	1,528,494	1,101,638	45,893	30,237

6. COST OF SALES

Cost of sales of the Group represents cost of goods sold and services rendered during the financial year.

7. FINANCE COSTS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest on borrowings	755	1,164	100	24

8. INTEREST INCOME

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income on:				
Bank deposits	2,680	1,850	1,043	493
Amount owing by subsidiaries	-	-	157	376
	2,680	1,850	1,200	869

9. PROFIT BEFORE TAX

Profit before tax is arrived at after the following charges/(credits):

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Auditors' remuneration				
Current year	301	248	35	32
Over provision in prior year	(1)	(5)	-	-
Bad debts written off	-	1,362	-	-
Depreciation of property, plant and equipment (Note 16)	7,184	6,278	109	109
Depreciation of investment properties (Note 17)	144	165	-	-
Amortisation of prepaid land lease payments (Note 18)	529	440	-	-
Directors' remuneration (Note 11)	2,500	1,784	904	621
Impairment loss of investment in a subsidiary	-	-	-	1,309
Allowance for doubtful debts (Notes 26 & 27)	350	211	37	-
Reversal of allowance for doubtful debts (Note 23)	(75)	(137)	-	-
Provision for service maintenance (Note 37)	1,111	419	-	-
Provision for warranty (Note 37)	843	-	-	-
Reversal of provision for claims for compensation (Note 37)	(180)	(314)	-	-
Property, plant and equipment written off (Note 16)	10	7	-	-

(Forward)

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Rental expenses	1,246	939	177	130
Royalty expenses	744	561	-	-
Allowance for slow moving inventories	168	305	-	-
Write down of inventories	533	2,833	-	-
Employee benefits expense (Note 10)	37,629	26,995	1,946	1,595
Provision for retirement gratuity (Note 36)	240	200	240	200
Bad debts recovered	(18)	(151)	-	-
Gain on disposal of:				
Property, plant and equipment	(1,967)	(2,024)	-	-
Investment properties and prepaid land lease payments	(1,834)	(1,740)	-	-
Subsidiaries	-	-	(2,600)	-
Net foreign exchange gain:				
Realised	(49)	(62)	-	-
Rental income from land and buildings	(1,982)	(1,860)	-	-

10. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	32,657	28,559	1,724	1,464
Pension costs:				
Defined contribution plans	4,639	3,288	212	122
Defined benefit plans (Note 36)	495	574	-	-
Social security costs	448	379	6	4
Other benefits	3,691	2,798	4	5
	41,930	35,598	1,946	1,595

11. DIRECTORS' REMUNERATION

	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	560	436	524	311
Fees	-	125	-	50
Bonus	100	55	100	40
	660	616	624	401
Non-executive:				
Fees	359	250	280	220
	1,019	866	904	621
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,073	644	-	-
Non-executive:				
Fees	152	148	-	-
Other emoluments	256	70	-	-
Ex-gratia payment for former director	-	56	-	-
	408	274	-	-
	1,481	918	-	-
	2,500	1,784	904	621

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is as follows:

	Number of Directors 2010	Number of Directors 2009
Executive directors:		
RM250,001 - RM300,000	-	1
RM400,001 - RM450,000	-	1
RM650,001 - RM700,000	1	-
Non-executive directors:		
Below RM50,000	2	4
RM50,001 - RM100,000	4	1

12. DISCONTINUED OPERATIONS

On 15 March 2010, the Company entered into a Share Sale Agreement with Datuk Dr. Wan Mohamed bin Wan Embong ("Datuk Dr. Wan") to dispose its entire equity interest of 73.32% in WSA Capital Corporation Sdn. Bhd. (together with its subsidiaries and jointly controlled entity) to Datuk Dr. Wan for a total cash consideration of RM11,100,000. The disposal was completed on 30 June 2010, on which date control of the said company passed to the acquirer. Consequently, a gain on disposal of RM1,122,000 and RM2,600,000 to the Group and the Company, respectively, was recognised in the statements of comprehensive income. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 31.

Analysis of profit for the year from discontinued operations

The results of the discontinued operations included in the statements of comprehensive income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Profit for the year from discontinued operations		
Revenue	45,726	76,354
Cost of sales	(36,054)	(61,447)
Gross profit	9,672	14,907
Other income	891	598
Administrative and other expenses	(3,439)	(7,041)
Selling and marketing expenses	(634)	(1,018)
Finance costs	(536)	(1,291)
Profit before tax	5,954	6,155
Income tax expense (Note 13)	-	(253)
Profit for the year	5,954	5,902
Profit attributable to:		
Owners of the Company	4,366	4,327
Minority interests	1,588	1,575
	5,954	5,902

(Forward)

	The Group	
	2010	2009
	RM'000	RM'000
Results from discontinued operations		
Profit during the year	4,366	4,327
Loss on disposal of operations (Note 31)	(4,832)	-
Share of (loss)/profit on disposal of operations	(466)	4,327
Minority interest	1,588	1,575
	1,122	5,902

The following amounts have been included in arriving at the profit before tax of the discontinued operations:

	The Group	
	2010	2009
	RM'000	RM'000
Depreciation of property, plant and equipment	1,474	2,347
Auditors' remuneration	-	52
Amortisation of prepaid land lease payments	13	26
Directors' remuneration	-	149
Rental expense	332	664
Loss on disposal of property plant and equipment	-	1,221
Net foreign exchange gains:		
Realised	(165)	(329)
Unrealised	(51)	(102)
Interest expense	536	-
Employee benefits expense	4,301	8,603
Allowance for doubtful debts	-	136
Bad debts written off	-	208
Property, plant and equipment written off	-	3

Cash flows from discontinued operations

Net cash outflows from operating activities	(3,118)	(15)
Net cash inflows/(outflows) from investing activities	2,735	(1,660)
Net cash inflows from financing activities	442	2,850
Net cash inflows	59	1,175

13. INCOME TAX EXPENSE

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax expenses comprises:				
Income tax expense:				
Current year	13,541	9,275	3,140	2,933
(Over)/Under provision in prior years	(1,916)	4,344	-	(154)
	11,625	13,619	3,140	2,779
Deferred tax (Note 35):				
Relating to origination and reversal of temporary differences	(48)	1,032	-	-
(Over)/Under provision in prior years	(548)	47	-	-
	(596)	1,079	-	-
	11,029	14,698	3,140	2,779
Total tax expense relating to continuing operations	11,029	14,445	3,140	2,779
Total tax expense relating to discontinued operations (Note 12)	-	253	-	-
Total tax expense	11,029	14,698	3,140	2,779

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax:				
Continuing operations	172,402	85,254	45,906	27,086
Discontinued operations (Note 12)	5,954	6,155	-	-
	178,356	91,409	45,906	27,086
Taxation at statutory tax rate of 25%	44,589	22,852	11,477	6,771
Adjustment for tax applicable to share of results in associates	(29,748)	(13,528)	-	-
Tax effect of:				
Income not subject to tax	(2,792)	(200)	(8,813)	(4,305)
Expenses not deductible in determining taxable profit	2,742	2,568	476	467
Utilisation of previously unrecognised deferred tax assets and reinvestment allowances	(1,813)	(1,443)	-	-
Deferred tax assets not recognised during the year	515	58	-	-
(Over)/Under provision in prior years:				
Deferred tax	(548)	47	-	-
Current tax	(1,916)	4,344	-	(154)
Income tax expense recognised in profit or loss	11,029	14,698	3,140	2,779
Tax saving arising from utilisation of:				
Tax losses carried forward previously not recognised	(1,433)	(1,443)	-	-
Reinvestment allowances	(380)	-	-	-

14. EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Profit for the year attributable to owners of the Company (RM'000)	142,136	66,532
Earnings used in the calculations of basic earnings per share from continuing operations	142,602	62,205
(Loss)/Profit for the year from discontinued operations used in calculation of basic earnings per share from discontinued operations	(466)	4,327
Earnings used in the calculations of total basic earnings per share	142,136	66,532
Weighted average number of ordinary shares in issue ('000)	242,394	242,073
Basic EPS (sen):		
From continuing operations	58.8	25.7
From discontinued operations	(0.2)	1.8
Total EPS	58.6	27.5

(b) Diluted earnings per share

Fully diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted for the dilutive effects of share options granted to employees.

	The Group 2010
Profit for the year attributable to owners of the Company (RM'000)	142,136
Earnings used in the calculation of total diluted earnings per share from continuing operations	142,602
Loss for the year from discontinued operations used in the calculation of diluted earnings per share from discontinued operations	(466)
Earnings used in the calculation of total diluted earnings per share	142,136
Weighted average number of ordinary shares in issue ('000)	242,394
Adjustment for assumed exercise of ESOS ('000)	2,831
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	245,225
Diluted EPS (sen):	
From continuing operations	58.2
From discontinued operations	(0.2)
Total diluted EPS	58.0

The diluted earnings per share in 2009 was not presented as the average fair value of the shares of the Company was lower than the exercise price for the conversion of ESOS to ordinary shares. The effects of this would be anti-dilutive to the earnings per share.

15. DIVIDENDS

	The Group and The Company			
	Amount		Net Dividends per Ordinary Share	
	2010 RM'000	2009 RM'000	2010 Sen	2009 Sen
In respect of the financial year ended 31 December 2008:				
Second interim single tier dividend of 6%	-	14,525	-	6.00
In respect of the financial year ended 31 December 2009:				
First interim single tier dividend of 3%	-	7,262	-	3.00
Second interim single tier dividend of 3%	7,262	-	3.00	-
In respect of the financial year ended 31 December 2010:				
First interim single tier dividend of 5%	12,124	-	5.00	-
	19,386	21,787	8.00	9.00

On 17 February 2011, the directors declared a second interim single tier dividend of 5% on 242,766,667 ordinary shares amounting to RM12,138,333 and a special single tier dividend of 3% on 242,766,667 ordinary shares amounting to RM7,283,000 in respect of the current financial year ended 31 December 2010. The financial statements for current financial year do not reflect this declared dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

16. PROPERTY, PLANT AND EQUIPMENT

The Group At 31 December 2010	Freehold land RM'000	Buildings RM'000	Building under construction RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings, equipment and tools and implement RM'000	Motor vehicles RM'000	Total RM'000
Cost/Valuation								
At 1 January 2010	28,866	98,723	-	86,126	20,455	41,710	6,551	282,431
Additions	9,390	25	8,467	2,561	3,511	2,713	1,926	28,593
Disposals	-	(915)	-	-	(53)	(2)	(901)	(1,871)
Effect of discontinued operations	(9,390)	(1,434)	-	(21,928)	(2,012)	(4,074)	(594)	(39,432)
Write-offs	-	-	-	-	-	(3,293)	-	(3,293)
At 31 December 2010	28,866	96,399	8,467	66,759	21,901	37,054	6,982	266,428
Representing:								
At cost	26,267	88,538	8,467	66,759	21,901	37,054	6,982	255,968
At valuation	2,599	7,861	-	-	-	-	-	10,460
	28,866	96,399	8,467	66,759	21,901	37,054	6,982	266,428
Accumulated Depreciation and Impairment Losses								
At 1 January 2010	-	17,427	-	73,653	17,015	35,040	3,313	146,448
Depreciation charge for the year	284	1,580	-	1,835	1,940	1,918	1,101	8,658

The Group **At 31 December 2010**	**Freehold land** **RM'000**	**Buildings** **RM'000**	**Building under construction** **RM'000**	**Plant and machinery** **RM'000**	**Renovations and leasehold improvements** **RM'000**	**Furniture, fixtures, fittings, equipment and tools and implement** **RM'000**	**Motor vehicles** **RM'000**	**Total** **RM'000**
Disposals	-	(431)	-	-	(53)	(2)	(482)	(968)
Effect of discontinued operations	(284)	(532)	-	(12,779)	(1,206)	(2,278)	(387)	(17,466)
Write-offs	-	-	-	-	-	(3,283)	-	(3,283)
At 31 December 2010	-	18,044	-	62,709	17,696	31,395	3,545	133,389
Net Book Value								
At 31 December 2010								
At cost	26,267	73,632	8,467	4,050	4,205	5,659	3,437	125,717
At valuation	2,599	4,723	-	-	-	-	-	7,322
	28,866	78,355	8,467	4,050	4,205	5,659	3,437	133,039
Cost/Valuation								
At 1 January 2009	28,866	77,790	7,017	85,045	19,450	39,611	7,833	265,612
Reclassifications	-	19,766	(20,054)	-	288	-	-	-
Additions	-	1,167	13,037	3,608	754	3,862	1,129	23,557
Disposals	-	-	-	(2,527)	-	(1,763)	(2,362)	(6,652)
Write-offs	-	-	-	-	(37)	-	(49)	(86)
At 31 December 2009	28,866	98,723	-	86,126	20,455	41,710	6,551	282,431
Representing:								
At cost	26,267	90,862	-	86,126	20,455	41,710	6,551	271,971
At valuation	2,599	7,861	-	-	-	-	-	10,460
	28,866	98,723	-	86,126	20,455	41,710	6,551	282,431

The Group At 31 December 2010	Freehold land RM'000	Buildings RM'000	Building under construction RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings, equipment and tools and implement RM'000	Motor vehicles RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses								
At 1 January 2009	-	16,009	-	73,736	15,552	34,721	3,203	143,221
Reclassifications	-	(43)	-	-	43	-	-	-
Depreciation charge for the year	-	1,461	-	2,443	1,447	2,053	1,221	8,625
Disposals	-	-	-	(2,526)	-	(1,734)	(1,062)	(5,322)
Write-offs	-	-	-	-	(27)	-	(49)	(76)
At 31 December 2009	-	17,427	-	73,653	17,015	35,040	3,313	146,448
Net Book Value								
At 31 December 2009								
At cost	26,267	76,573	-	12,473	3,440	6,670	3,238	128,661
At valuation	2,599	4,723	-	-	-	-	-	7,322
	28,866	81.296	-	12,473	3,440	6,670	3,238	135,983

The Company At 31 December 2010	Furniture, fittings and equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2010	272	257	308	837
Additions	8	-	-	8
At 31 December 2010	280	257	308	845
Accumulated Depreciation				
At 1 January 2010	223	41	98	362
Depreciation charge for the year	22	26	61	109
At 31 December 2010	245	67	159	471
Net Book Value	35	190	149	374
At 31 December 2009				
Cost				
At 1 January 2009	256	254	308	818
Additions	16	3	-	19
At 31 December 2009	272	257	308	837
Accumulated Depreciation				
At 1 January 2009	200	16	37	253
Depreciation charge for the year	23	25	61	109
At 31 December 2009	223	41	98	362
Net Book Value	49	216	210	475

(a) The following properties of the Group stated at directors' valuation are based on independent professional valuation of land and buildings of the Group at their market values at the date of valuation:

Year of Valuation	Description of Property	Valuation RM'000
1983	Freehold land and buildings	10,460

These land and buildings have continued to be stated on the basis of their 1983 valuation as allowed by the transitional provisions issued by the Malaysian Accounting Standards Board upon adoption of International Accounting Standard 16 (Revised), Property, Plant and Equipment.

At 31 December 2010, had the revalued freehold land and buildings been carried at historical cost, the net book value would have been as follows:

	The Group	
	2010 RM'000	2009 RM'000
Freehold land and buildings	1,040	1,156

(b) The net book values of property, plant and equipment pledged/charged for borrowings as disclosed in Note 34 is as follows:

	The Group	
	2010 RM'000	2009 RM'000
Freehold land – charged	10,182	10,182
Plant and machinery – pledged	-	1,870
	10,182	12,052

(c) Included in additions to building under construction of the Group is interest expense capitalised amounting to RM665,820 (2009: RMNil).

17. INVESTMENT PROPERTIES

	The Group	
	2010	2009
	RM'000	RM'000
Cost		
At 1 January	22,954	24,269
Disposal	(8,713)	(1,315)
At 31 December	14,241	22,954
Accumulated Depreciation		
At 1 January	1,394	1,794
Depreciation charge for the year	144	165
Disposal	-	(565)
At 31 December	1,538	1,394
Carrying Amount		
At 1 January	21,560	22,475
At 31 December	12,703	21,560
Representing:		
Freehold land	2,284	6,274
Freehold buildings	1,682	6,549
Leasehold land and building	8,737	8,737
	12,703	21,560

Rental income earned by the Group from the investment properties, all of which are leased out under operating leases, amounted to RM3,687,900 (2009: RM3,352,590). Direct operating expenses incurred in respect of the investment properties amounted to RM756,400 (2009: RM792,000).

Fair value of the investment properties of the Group as at 31 December 2010 is estimated at RM13,079,000 (2009: RM25,098,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

18. PREPAID LAND LEASE PAYMENTS

	The Group 2010 RM'000	The Group 2009 RM'000
At 1 January	42,713	43,348
Additions	-	9
Disposal	(308)	(178)
Effect of discontinued operations	(2,267)	-
Amortisation for the year (Note 9)	(542)	(466)
At 31 December	39,596	42,713
Analysed as:		
Long term leasehold land	38,550	41,304
Short term leasehold land	1,046	1,409
	39,596	42,713

Certain prepaid land lease payments in 2009 were stated at directors' valuation based on independent professional valuation of long term leasehold land of the Group at their market values at the date of valuation:

Year of Valuation	Description of Property	Valuation RM'000
2002	Long term leasehold land in Gombak, Rawang, Selangor Darul Ehsan	3,580

As permitted by the transitional provisions of FRS 117, the last revalued amount stated above less accumulated amortisation is now treated as the surrogate carrying amount of prepaid land lease payments.

Long term leasehold land of the Group amounting to RMNil (2009: RM2,279,000) are pledged for borrowings.

As at 31 December 2010, the unexpired lease periods are as follows:

	The Group 2010 RM'000	The Group 2009 RM'000
Within 31 to 60 years	1,046	1,409
Within 61 to 99 years	38,550	41,304
	39,596	42,713

19. INVESTMENT IN SUBSIDIARIES

	The Company 2010 RM'000	The Company 2009 RM'000
Unquoted shares, at cost	106,049	114,549
Less: Accumulated impairment losses	(1,917)	(1,917)
	104,132	112,632

Details of the subsidiaries are disclosed in Note 49.

Disposal of subsidiaries in 2010

On 15 March 2010, the Company entered into a Share Sale Agreement with Datuk Dr. Wan Mohamed Bin Wan Embong ("Datuk Dr. Wan") to dispose its entire equity interest of 73.32% in WSA Capital Corporation Sdn. Bhd. (together with its subsidiaries and jointly controlled entity) to Datuk Dr. Wan for a total consideration of RM11,100,000. The said disposal was completed on 30 June 2010 and has given rise to a gain of RM1,122,000 and RM2,600,000 to the Group and the Company respectively.

20. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
In Malaysia:				
Unquoted shares, at cost	180,989	180,989	173,989	173,989
Share of post-acquisition reserves	438,794	359,787	-	-
	619,783	540,776	173,989	173,989
Represented by:				
Share of net assets	613,760	534,753		
Goodwill on acquisition	6,023	6,023		
	619,783	540,776		

Details of the associates are disclosed in Note 50.

The summarised financial information of the associates are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Non-current assets	1,626,347	1,463,934
Current assets	1,845,001	1,518,461
Total assets	3,471,348	2,982,395
Non-current liabilities	614	306
Current liabilities	1,089,825	902,932
Total liabilities	1,090,439	903,238
Net assets	2,380,909	2,079,157
Group's share of net assets	613,761	534,753
Results		
Revenue	9,472,427	6,985,522
Profit for the period	457,561	200,849
Group's share of profit of associates	118,990	54,113

The financial year ends of the associates are coterminous with the financial year end of the Group, except for Hino Motors (Malaysia) Sdn. Bhd. ("Hino") which has a financial year end of 31 March. For the purpose of applying the equity method of accounting, the share of results of associates is arrived at based on the audited financial statements except for the results of Hino which is arrived at based on management financial statements.

21. JOINTLY CONTROLLED ENTITY

	The Group	
	2010 RM'000	2009 RM'000
In Malaysia:		
Unquoted shares, at cost	-	54

Details of the jointly controlled entity are disclosed in Note 51.

22. HELD-TO-MATURITY INVESTMENT

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Structured income fund (a)	1,000	1,000	-	-
Unquoted bonds, at cost (b)	2,360	2,360	2,360	2,360
	3,360	3,360	2,360	2,360
Less: Accumulated impairment loss	(2,360)	(2,360)	(2,360)	(2,360)
	1,000	1,000	-	-

(a) The structured income fund is a close-ended fund managed by a local financial institution which provides coupon rates of 3.30% per annum for the first five years and 5.3% per annum thereafter until its maturity of 10 years.

(b) The unquoted bonds matured on 28 December 2007. Full provision for impairment loss has been made as the directors are of the opinion that the carrying amount is unlikely to be recovered.

23. HIRE PURCHASE RECEIVABLES

	The Group	
	2010	2009
	RM'000	RM'000
Minimum hire purchase receivables:		
Not later than 1 year	1,139	1,697
Later than 1 year and not later than 2 years	36	244
	1,175	1,941
Less: Future finance charges	(1)	(130)
Present value of hire purchase receivables	1,174	1,811
Less: Allowance for doubtful debts	(1,118)	(1,193)
	56	618
Analysed as:		
Due within 12 months (Note 26)	56	463
Due after 12 months	-	155
	56	618

The effective interest rate at the end of the reporting period was 9.2% (2009: 9.2%) per annum.

The hire purchase receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Interest is charged on hire purchase receivables on the overdue outstanding balance. The Group has recognised an allowance for doubtful debts of 100% against all hire purchase receivables over 6 months because historical experience has been that hire purchase receivables that are past due beyond 6 months are not recoverable.

Apart from the hire purchase receivables of RM1,118,000 (2009: RM1,193,000) which has been fully provided by the Company, the remaining balance of RM56,000 (2009: RM618,000) are not past due at the end of reporting period.

The Group has not accepted any new customer since the Group ceased the provision of hire purchase financing in prior years. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers contracted in prior years.

Movement in allowance of doubtful debts

	The Group	
	2010	**2009**
	RM'000	**RM'000**
At beginning of year	1,193	1,259
Amount recognised (Note 9)	-	71
Amount no longer required (Note 9)	(75)	(137)
At end of year	1,118	1,193

24. GOODWILL ON CONSOLIDATION

	The Group	
	2010	**2009**
	RM'000	**RM'000**
Cost:		
At 1 January	14,799	14,799
Derecognised on disposal of subsidiary	(3,364)	-
At 31 December	11,435	14,799

Impairment test for goodwill

Goodwill has been allocated to the Group's cash generating units ("CGUs") identified according to the particular business segment as follows:

	The Group 2010 RM'000	2009 RM'000	Discount rate
Manufacturing of automotive components	10,767	14,131	5%
Trading of motor vehicles, spare parts and other related activities	668	668	5%
	11,435	14,799	

The recoverable amount of CGU is determined based on value in use calculations applying a discounted cash flow model based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are projected based on the assumptions that the 5th year operating cash flow will be generated by the respective CGUs based on an estimated growth rate of 5%. Discount rate used is based on the pre-tax weighted average cost of capital.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying values of the goodwill to materially exceed their recoverable amounts.

25. INVENTORIES

	The Group	
	2010 RM'000	2009 RM'000
At cost:		
Completed and unassembled vehicles	167,312	94,089
Raw materials	12,071	9,561
Goods-in-transit	179	8,927
Work in progress	1,962	3,446
Parts and consumables for assembly	16,287	13,531
Finished goods	629	4,260
Accessories and merchandise	592	122
	199,032	133,936

Costs of inventories recognised as expenses of the Group amounting to RM1,328,256,000 (2009: RM952,706,000).

26. TRADE RECEIVABLES

	The Group	
	2010 RM'000	2009 RM'000
Trade receivables	96,500	84,088
Hire purchase receivables (Note 23)	56	463
	96,556	84,551
Less: Allowance for doubtful debts	(1,979)	(3,415)
	94,577	81,136

Trade receivables disclosed above are classified as loans and receivables and therefore measured at amortised cost.

Included in trade receivables of the Group is an amount of RM10,126,203 (2009: RM10,853,000) due from subsidiaries of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

The normal credit period on sales of goods ranges from 14 days to 120 days (2009: 14 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. Allowance for doubtful debts is recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the financial year but against which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of trade receivables

	The Group 2010 RM'000	2009 RM'000
Current	45,616	47,202
30-60 days	38,817	12,323
60-90 days	6,465	20,329
90-120 days	2,213	1,922
More than 120 days	3,389	2,312
Total	96,500	84,088
Average age (days)	23	26

Movement in the allowance for doubtful debts

	The Group 2010 RM'000	2009 RM'000
At beginning of year	3,415	3,139
Amount recognised	313	276
Effect of discontinued operations	(1,749)	-
At end of year	1,979	3,415

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

27. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits and advances paid	4,281	5,057	45	45
Incentive due from a supplier	5,971	7,793	-	-
Prepayments	21,163	2,821	78	-
Sundry receivables	9,196	6,953	37	37
	40,611	22,624	160	82
Less: Allowance for doubtful debts	(37)	-	(37)	-
	40,574	22,624	123	82

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Included in prepayments is an amount of advanced payment of RM15,990,000 (2009: RMNil) for the purchase of vehicles inventories.

Movement in the allowance for doubtful debts

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At beginning of year	-	-	-	-
Amount recognised	37	-	37	-
At end of year	37	-	37	-

28. AMOUNT OWING BY SUBSIDIARIES

Analysis of amount owing by subsidiaries is as follows:

	The Company	
	2010 RM'000	2009 RM'000
Dividend receivable	-	751
Interest free	52,470	68,796
Bear interest at 8% per annum	5,124	4,193
	57,594	73,740

The amount owing by subsidiaries, which arose from non-trade transactions, are unsecured and have no fixed terms of repayment.

29. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	58,738	65,213	2,950	392
Deposits with licensed banks	124,080	86,203	81,562	33,928
Cash and bank balances	182,818	151,416	84,512	34,320
Less: Bank overdrafts (Note 34)	(1,430)	(1,464)	-	(24)
	181,388	149,952	84,512	34,296

The effective interest rates of deposits with licensed banks of the Group and of the Company at the end of the reporting period range from 1.9% to 3.4% (2009: 2.2% to 3.7%) per annum.

The average maturities of deposits with licensed banks of the Group and of the Company at the end of the reporting period range from 7 days to 150 days (2009: 7 days to 150 days)

30. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2010	2009
	RM'000	RM'000
Net carrying amount upon classification as held for sale:		
Long term leasehold land	6,103	6,103

A subsidiary entered into a conditional sale and purchase agreement with a third party to dispose of the abovementioned land. The said third party paid a deposit amounting to RM749,231 and created a caveat on the said leasehold land. However, the purchaser failed to meet certain terms and conditions set out in the conditional sale and purchase agreement. As such, the Company has notified the purchaser on the forfeiture of the deposit received. The purchaser subsequently took legal action against the Company to recover the deposit paid. On 14 February 2011, the purchaser received a court order to remove the caveat placed on the said leasehold land.

31. DISPOSAL OF SUBSIDIARY

On 30 June 2010, the Group completed the disposal of WSA Capital Corporation Sdn. Bhd. (together with its subsidiaries and jointly controlled entity) which involved in manufacturing, designing and supplying of automotive parts and components.

Consideration received

	The Group	
	2010	2009
	RM'000	RM'000
Consideration received in cash and cash equivalents	11,100	-

Analysis of asset and liabilities over which control was lost

	The Group	
	2010 RM'000	2009 RM'000
Non-current assets		
Property, plant and equipment	21,966	12,020
Prepaid land lease payments	2,267	2,279
Jointly controlled entity	54	54
Goodwill on consolidation	1,829	1,829
Current assets		
Inventories	10,077	8,167
Trade receivables	13,408	17,157
Other receivables and prepaid expenses	3,583	4,657
Cash and cash equivalents	1,619	1,505
Current liabilities		
Short term borrowings	(9,642)	(9,201)
Trade payables	(8,282)	(9,700)
Other payables and accrued expenses	(805)	(1,944)
Amount owing to holding company	(10)	(4,193)
Tax liabilities	(217)	(310)
Non-current liabilities		
Long-term borrowings	(14,903)	(5,511)
Provision for retirements benefits	(1,030)	(1,030)
Hire purchase payables – non current portion	-	(108)
Deferred tax liabilities	(984)	(1,150)
Net assets disposed of	18,930	14,521

Gain on disposal of subsidiary

	The Group 2010 RM'000	The Group 2009 RM'000
Consideration received	11,100	-
Net assets disposed of	(18,930)	-
Goodwill	(1,535)	-
Minority interests	4,533	-
Loss on disposal (Note 12)	(4,832)	-

The loss on disposal is included in the results from discontinued operations in the statements of comprehensive income (see Note 12).

Net cash inflow on disposal of subsidiary

	The Group 2010 RM'000	The Group 2009 RM'000
Consideration received in cash and cash equivalents	11,100	-
Less: cash and cash equivalents disposed of	(1,619)	-
	9,481	-

32. SHARE CAPITAL

	The Group 2010 RM'000	The Group 2009 RM'000	The Company 2010 RM'000	The Company 2009 RM'000
Authorised:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January	242,073	242,073	242,073	242,073
Exercise of ESOS	604	-	604	-
At 31 December	242,677	242,073	242,677	242,073

(a) During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM242,072,667 to RM242,676,667 by the issuance of 278,000 and 326,000 new ordinary shares of RM1.00 each at an issue price of RM2.54 and RM2.43 per ordinary share respectively, for cash pursuant to the exercise of options under the Company's Employees Share Option Scheme ("ESOS").

The resulting share premium of RM894,300 arising from the issue of shares had been credited to the share premium account.

The new ordinary shares issued during the current financial year rank pari passu in all respects with the then existing ordinary shares of the Company.

(b) The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 August 2002. The ESOS was implemented on 2 September 2002.

The main features of the ESOS are as follows:

(i) The ESOS shall be in force for a period of ten years from the date of the receipt of the last requisite approvals.

(ii) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.

(iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point in time during the tenure of the ESOS.

(iv) The option price for each share shall be based on the weighted average market price of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date of offer subject to a discount of not more than 10%, or the par value of the shares of the Company of RM1, whichever is the higher.

(v) No option shall be granted for less than 1,000 shares nor more than 23,166,667 shares to any eligible employee.

(vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of ten years from the date of the receipt of the last of the requisite approvals.

(vii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The movements in the number of share options during the financial year are as follows:

	Exercise Price RM	Number of Share Options: At 1 January 2010 '000	Granted '000	Exercised '000	At 31 December 2010 '000
Grant date					
September 2002	2.54	1,895	-	(278)	1,617
October 2005	2.43	1,540	-	(326)	1,214
		3,435	-	(604)	2,831

	Exercise Price RM	Number of Share Options: At 1 January 2009 '000	Granted '000	Exercised '000	At 31 December 2009 '000
Grant date					
September 2002	2.54	1,895	-	-	1,895
October 2005	2.43	1,540	-	-	1,540
		3,435	-	-	3,435

Details of share options exercised in current year and the fair value, at exercise date, of ordinary shares issued are as follows:

Period Exercised	Exercise price RM	Fair values of ordinary shares RM	Number of share options '000	Consideration received RM'000
2010				
January to December 2010	2.54	2.94	278	706
January to December 2010	2.43	2.94	326	792
				1,498
Less: Par value of ordinary shares				(604)
Share premium				894

33. RESERVES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:				
Share premium	31,433	30,539	31,433	30,539
Revaluation reserve	443	458	-	-
Distributable:				
Retained earnings	743,669	621,204	145,689	122,309
	775,545	652,201	177,122	152,848

(a) **Share Premium**

Share premium arose from the issuance of ordinary shares at a premium.

(b) **Revaluation Reserve**

Revaluation reserve arose from fair value adjustments relating to property, plant and equipment of an associate.

(c) **Retained Earnings**

The Company has elected to switch to the single tier system. Accordingly, the retained earnings of the Company is available for the distribution of single tier dividend.

34. BORROWINGS

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current				
- at amortised cost				
Unsecured:				
Bank overdrafts	-	24	-	24
Secured:				
Bank overdrafts	1,430	1,440	-	-
Bankers' acceptances	13,016	6,723	-	-
Term loans	1,953	2,270	-	-
Trade loans	-	985	-	-
Trust receipts	1,084	867	-	-
	17,483	12,285	-	24
	17,483	12,309	-	24
Non-current				
- at amortised cost				
Secured:				
Term loans	21,199	18,481	-	-
Total Borrowings				
Bank overdrafts	1,430	1,464	-	24
Bankers' acceptances	13,016	6,723	-	-
Term loans	23,152	20,751	-	-
Trade loans	-	985	-	-
Trust receipts	1,084	867	-	-
	38,682	30,790	-	24

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Borrowings are repayable as follows:				
Current	17,483	12,309	-	24
Non current:				
More than 1 year and less than 2 years	2,173	4,300	-	-
More than 2 years and less than 5 years	5,308	4,721	-	-
More than 5 years	13,718	9,460	-	-
	38,682	30,790	-	24

(a) The secured bank overdrafts, bankers' acceptances, trade loans, term loans and trust receipts are secured by the following:

(i) first legal charge on freehold land of certain subsidiaries as disclosed in Note 16(b);

(ii) a deed of assignment cum loan agreement over freehold land owned by a subsidiary as disclosed in Note 16;

(iii) a debenture incorporating a fixed and floating charge over the assets of subsidiaries, both present and future;

(iv) assignment of contract proceeds from certain receivables; and

(v) corporate guarantees by the Company, holding company and a subsidiary.

(b) The average effective interest rates per annum of the borrowings are as follows:

	The Group		The Company	
	2010	2009	2010	2009
	%	%	%	%
Bank overdrafts	7.8	7.3	-	-
Bankers' acceptances	4.1	4.4	-	-
Term loans	7.8	7.8	-	-
Trade loans	4.0	4.0	-	-
Trust receipts	6.8	6.3	-	-

35. DEFERRED TAX LIABILITIES

	The Group	
	2010 RM'000	2009 RM'000
At 1 January	1,716	637
Effect of discontinued operations	(984)	-
Recognised in profit or loss (Note 13)	(596)	1,079
At 31 December	136	1,716
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	1,146	3,303
Deferred tax assets	(1,010)	(1,587)
	136	1,716

The component and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Revaluation reserve RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2010	88	3,215	3,303
Recognised in profit or loss	-	(702)	(702)
Effect of discontinued operations	(88)	(1,367)	(1,455)
At 31 December 2010	-	1,146	1,146
At 1 January 2009	88	1,992	2,080
Recognised in profit or loss	-	1,223	1,223
At 31 December 2009	88	3,215	3,303

Deferred tax assets of the Group:

	Provisions RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2010	(1,116)	(471)	(1,587)
Recognised in profit or loss	106	-	106
Effect of discontinued operations	-	471	471
At 31 December 2010	(1,010)	-	(1,010)
At 1 January 2009	(971)	(471)	(1,442)
Recognised in profit or loss	(145)	-	(145)
At 31 December 2009	(1,116)	(471)	(1,587)

The tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2010, the estimated amount of unused tax losses, unabsorbed capital allowances and other temporary differences, which has not been recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group	
	2010 RM'000	2009 RM'000
Unused tax losses	8,568	12,607
Unabsorbed capital allowances	11,771	11,807
Others	652	248
	20,991	24,662

The unused tax losses and unabsorbed capital allowances, subject to the agreement by the tax authorities, are available for offset against future chargeable income.

36. PROVISION FOR RETIREMENT BENEFITS

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At 1 January	2,356	2,143	1,295	1,095
Provision during the year:				
Defined benefit plans (Note 10)	495	574	-	-
Retirement gratuity (Note 9)	240	200	240	200
Contribution paid during the year	(442)	(561)	-	-
Effect of discontinued operations	(1,030)	-	-	-
At 31 December	1,619	2,356	1,535	1,295

Daihatsu Group operates a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administered fund. The Company operates an unfunded Scheme for the eligible employees and directors. Under both Schemes, eligible employees are entitled to retirement benefits of final salary on attainment of the retirement age of 55.

The amounts recognised in the statements of financial position are determined as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Provision for unfunded defined benefit obligations	-	1,030	-	-
Provision for unfunded retirement gratuity	1,535	1,295	1,535	1,295
	1,535	2,325	1,535	1,295
Present value of funded defined benefit obligations	4,686	4,504	-	-
Fair value of plan assets	(4,778)	(4,601)	-	-
	(92)	(97)	-	-
Unrecognised actuarial gains	176	128	-	-
	84	31	-	-
Total	1,619	2,356	1,535	1,295

The amounts recognised in the profit or loss are as follows:

	The Group		The Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Defined benefit plans				
Current service cost	500	617	-	-
Interest cost	481	193	-	-
Expected return on Scheme assets	(486)	(236)	-	-
Total, included in employee benefits expense (Note 10)	495	574	-	-
Retirement gratuity				
Current service cost	240	200	240	200
Total	735	774	240	200

The actual return on the plan assets of the Group was RM272,000 (2009: RM358,000).

Principal actuarial assumptions used are as follows:

	The Group	
	2010	2009
	%	%
Discount rate	6.25	6.25
Average salary increase	5.00	5.00
Expected rate of return on plan assets	6.00	6.00

37. PROVISION FOR LIABILITIES

The Group	Warranty RM'000	Service Maintenance RM'000	Claims for Compensation RM'000	Total RM'000
At 1 January 2009	785	650	1,427	2,862
Additional provision during the year	-	427	31	458
Utilisation during the year	-	(296)	(55)	(351)
Reversal during the year	-	(8)	(345)	(353)
At 31 December 2009	785	773	1,058	2,616
Additional provision during the year	843	1,111	-	1,954
Utilisation during the year	-	(291)	(348)	(639)
Reversal during the year	-	-	(180)	(180)
At 31 December 2010	1,628	1,593	530	3,751

Provision for warranty is made based on the estimated liability on all products under warranty. A provision for warranty is recognised for products under warranty at the end of the reporting period based on past claims experience arising during the period of warranty.

Provision for service maintenance is made for the estimated liability for service maintenance under warranty. A provision for service maintenance is recognised for service maintenance under warranty at the end of the reporting period based on number of cars sold.

Provision for claims for compensation is made based on the estimated liability for industrial relations and civil cases. A provision is recognised for industrial relations and civil cases at the end of the reporting period based on an assessment as to the likelihood of such claims crystallising.

38. TRADE PAYABLES

Included in trade payables of the Group is an amount of RM33,216,156 (2009: RM10,680,172) due to a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd., an associate.

The normal trade credit terms granted to the Group by trade payables ranges from 2 days to 90 days (2009: 2 days to 90 days).

39. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Accruals	10,673	7,855	375	536
Sundry payables	7,263	7,156	-	-
Advances from other shareholders	2,700	2,700	-	-
Deposits received from customers	16,587	2,176	-	-
Dividend payable to minority interest of a subsidiary	-	599	-	-
Accruals for dealers and salesmen incentives	654	32	-	-
Rental deposits	-	189	-	-
Amount due for insurance premium on vehicles sold	157	106	-	-
	38,034	20,813	375	536

40. AMOUNT OWING TO HOLDING COMPANY

Amount owing to holding company arose mainly from advances and payment made on behalf which is unsecured, interest-free and repayable on demand.

41. HIRE PURCHASE PAYABLES

	The Group	
	2010 RM'000	2009 RM'000
Minimum hire purchase payments:		
Within one year	19	128
In the second to fifth years inclusive	63	227
	82	355
Less: Future finance charges	(11)	(65)
Present value of hire purchase payables	71	290
Analysed as:		
Due within one year	15	110
Due in the second to fifth years inclusive	56	180
	71	290

The effective interest rates range from 6.54% to 7.10% (2009: 6.54% to 7.10%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

42. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the financial year:

	The Group	
	2010 RM'000	2009 RM'000
Purchases from Daihatsu Motor Co. Ltd., its subsidiaries and associates*	96,142	165,814
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	771,505	517,128
Sales to subsidiaries of Perodua	-	45,700
Sales to Toyota Tsusho Co., its subsidiaries and associates	3,836	3,502
Purchases from Toyota Tsusho Co., its subsidiaries and associates	21,323	18,263
Central Motor Wheels Co:		
Royalty fee payable	744	561
Technical fee payable	95	6
Development expenses	41	148

	The Company	
	2010	2009
	RM'000	RM'000
Gross dividends from:		
Subsidiaries	12,773	13,951
Associates	32,364	15,974
Management fee from subsidiary	756	312

* Includes subsidiaries and associates of Daihatsu Motor Co., Ltd. other than the subsidiaries of the Company.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Related parties and the relationships are described as follows:

Related Parties	**Nature of Relationship**
Toyota Tsusho Co. ("TT")	TT is a corporate shareholder of Oriental Metal Industries (M) Sdn. Bhd. ("OMI"), a subsidiary of the Company
Central Motor Wheels Co. ("CMW")	CMW is a corporate shareholder of OMI
Daihatsu Motor Co. Ltd. ("DMC")	DMC is a corporate shareholder of Daihatsu (Malaysia) Sdn. Bhd, a subsidiary of the Company
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	Perodua is an associate of the Company

(b) Compensation of key management personnel are as follows:

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term employee benefits	1,532	1,276	550	359
Employees Provident Fund	165	103	74	42
Other benefits	36	30	-	-
Total compensation of key management personnel	1,733	1,409	624	401
Consist of amount paid to:				
Directors of the Company	660	716	624	401
Directors of subsidiaries	1,073	693	-	-
	1,733	1,409	624	401

(c) As of 31 December 2010, there was no outstanding share options granted to a director of the Company pursuant to the ESOS of the Company that remain unexercised (2009: 150,000 options).

43. CAPITAL COMMITMENT

As of 31 December 2010, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment:

	The Group	
	2010 RM'000	2009 RM'000
Approved and contracted for	23,679	-
Approved but not contracted for	12,245	10,736
	35,924	10,736

44. CONTINGENT LIABILITIES

(a) Corporate Guarantee

The Company is contingently liable to financial institutions for corporate guarantee given to the financial institutions for credit facilities granted to certain subsidiaries. As of 31 December 2010, the credit facilities obtained by the subsidiaries are secured and amounted to RM1,800,000 (2009: RM18,730,500).

(b) Industrial Relations

The Company's indirect 86% owned subsidiary, Federal Auto Holdings Berhad ("FAHB") has litigations in relation to constructive dismissal of employees and product liability claims. Provisions of RM529,000 (2009: RM1,058,000) has been recognised for expected claims arising from these litigations. The directors of FAHB are of the opinion that the possibility of these claims exceeding the amount provided is remote.

45. SIGNIFICANT EVENTS

Significant events are as follows:

(a) On 12 March 2010, the Company's 71.5% owned subsidiary, Daihatsu (Malaysia) Sdn. Bhd. was appointed as an authorised dealer for Hino Motors (Malaysia) Sdn. Bhd. ("HMMSB"). HMMSB is a 42% associate of the Company.

(b) On 12 March 2010, FAHB's wholly owned subsidiary, FAST Sdn. Bhd. signed distributor agreements with Autovox Pte. Ltd. to distribute Heico Sportiv products and ABT Sportsline products in Malaysia.

(c) On 15 March 2010, the Company entered into a Share Sale Agreement with Datuk Dr. Wan Mohamed bin Wan Embong ("Datuk Dr. Wan") to dispose its entire equity interest of 73.32% in WSA Capital Corporation Sdn. Bhd. to Datuk Dr. Wan for a total consideration of RM11,100,000. The disposal has given rise to a gain of approximately RM1,122,000 and RM2,600,000 to the Group and the Company respectively.

(d) On 15 March 2010, FAHB entered into a Conditional Purchase Agreement with Kiara Seleksi Sdn. Bhd. ("KSSB") to purchase a property comprising showroom and service centre for a total consideration of RM20,000,000. The property is part of a proposed development by KSSB on a freehold land held under HS(D) 116293 PT 8361 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan.

(e) On 29 March 2010, the Company's wholly owned subsidiary, Summer Gallery Sdn. Bhd. entered into a Sale and Purchase Agreement with Lubeworld Holdings Sdn. Bhd. ("Lubeworld") to dispose of its freehold land located at Klang, Selangor for a total consideration of RM9,400,000. The said transaction was completed during the financial year and gave rise to a gain of approximately RM687,000 to the Group.

(f) On 14 October 2010, the Company entered into a conditional share sale and purchase agreements with Lion Corporation Berhad and Lion Forest Industries Berhad (collectively referred to as "First Vendor") to acquire 26,985,030 ordinary shares of RM1 each in Kinabalu Motor Assembly Sdn. Bhd. ("KMASB") representing 70.01% of the issued and paid-up share capital of KMASB. On the same date, the Company also entered into a conditional share sale and purchase agreement with Silverstone Corporation Berhad, CEDR Consulting Sdn. Bhd., Innovasi Istimewa Sdn. Bhd. and Range Grove Sdn. Bhd. (collectively referred to as "Second Vendor") to acquire 5,400,000 ordinary shares of RM1 each and 100,000 preference shares of RM0.01 each in Lion Motor Sdn. Bhd. ("LMSB") representing 100% of the issued and paid-up share capital of LMSB. Both proposed acquisitions are inter-conditional with a total consideration amounting to RM16,000,000 which consists of purchase considerations and debt settlement considerations.

KMASB holds a manufacturing licence for the assembly of motor vehicles issued by the Ministry of International Trade and Industry. KMASB has distributor agreement with Anhui Jianghuai Automobile Co. Ltd. and LMSB has licence agreement with Dong Feng Automobile Co. Ltd., both for the distribution of commercial vehicles in Malaysia.

46. SUBSEQUENT EVENTS

Subsequent events are as follows:

(a) On 7 January 2011, FAHB convened an Extraordinary General Meeting for the purpose of obtaining approval for a Proposed Selective Capital Reduction and Repayment exercise under Section 64 of the Companies Act, 1965 ("Proposed SCR") to undertake a reduction of all outstanding ordinary shares of RM1.00 each in FAHB ("Shares") held by the shareholders of FAHB other than Galaxy Waves Sdn. Bhd. ("GWSB"), a wholly-owned subsidiary of the Company, amounting to 2,099,570 Shares by way of cancellation of all such Shares and a reduction of a portion of the Shares held by GWSB amounting to 6,718,624 Shares pursuant to Section 64 of the Companies Act, 1965, by way of cancellation of all such Shares, and after the said reduction, the entire credit arising from the said reduction shall be applied by FAHB towards a cash capital repayment of RM4.20 per Share. The Proposed SCR has been approved unanimously by the shareholders of FAHB. On 4 April 2011, the High Court of Malaya, Kuala Lumpur granted an Order in Terms to proceed with the Proposed SCR.

(b) On 28 February 2011, further to the two conditional shares sale and purchase agreements on 14 October 2010 for the proposed acquisitions of KMASB and LMSB, the Company entered into supplementary agreements, each with the First Vendor and the Second Vendor to mutually agree that the Company's proposed acquisition of KMASB shall not be inter-conditional with the completion of the proposed acquisition of LMSB. In this regard, the proposed acquisition of LMSB was completed on 28 February 2011 and it became a subsidiary of F.A. Autosoft Sdn. Bhd., a wholly-owned subsidiary of FAHB nominated by the Company to hold shares of LMSB. As at the date of this report, the Conditions Precedent for the proposed acquisition of KMASB is still pending fulfillment.

47. SEGMENT INFORMATION

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is specifically focused on the business segments as follows:

(i) Motor vehicles: Marketing and distribution of motor vehicles, spare parts and provision of related services.

(ii) Automotive components: Manufacturing of automotive parts and components, interior carpets, steel wheels and discs, and provision of tyre assembly services.

(iii) Vehicles body building: Manufacturing and fabrication of vehicles body and provision of related services.

(iv) All others: Investment holding, corporate headquarters and other dormant companies.

Information regarding the Group's reportable segments is presented below.

Year ended 31 December 2010

	Motor vehicles RM'000	Automotive components Continuing RM'000	Automotive components Discontinued RM'000	Vehicle body building RM'000	All others RM'000	Group RM'000
Revenues from external customers	1,450,712	66,870	45,726	10,814	98	1,574,210
Intersegment revenue	-	-	-	1,002	-	1,002
Operating profits/ (loss) for reportable segments	38,310	16,784	6,490	(1,226)	(2,381)	57,977
Share of results of associates	118,990	-	-	-	-	118,990
Finance costs	(252)	(30)	(536)	(373)	(100)	(1,291)
Interest income	1,083	442	-	-	1,155	2,680
Depreciation and amortisation	5,464	2,129	1,487	133	131	9,344
Other significant non-cash item - Provisions	2,448	-	-	-	240	2,689
Capital expenditure	14,802	1,980	11,419	111	282	28,593
Segment assets	521,659	86,739	-	13,795	104,743	726,936
Investment in associates	619,783	-	-	-	-	619,783
Segment liabilities	154,827	9,120	-	10,755	8,013	182,715

Year ended 31 December 2009

	Motor vehicles RM'000	Automotive components Continuing RM'000	Automotive components Discontinued RM'000	Vehicle body building RM'000	All others RM'000	Group RM'000
Revenues from external customers	1,031,837	59,851	76,354	9,802	148	1,177,992
Intersegment revenue	-	-	-	1,105	-	1,105
Operating profits/ (loss) for reportable segments	22,982	13,475	7,446	(3,788)	(2,214)	37,901
Share of results of associates	54,113	-	-	-	-	54,113
Finance costs	(719)	(35)	(1,291)	(386)	(24)	(2,455)
Interest income	1,025	327	-	4	494	1,850
Depreciation and amortisation	4,401	2,232	2,372	142	109	9,256
Other significant non-cash item - Provisions	3,582	357	-	2,942	200	7,081
Capital expenditure	12,820	8,177	2,397	153	19	23,566
Segment assets	410,041	83,351	46,818	12,752	61,781	614,743
Investment in associates	540,776	-	-	-	-	540,776
Segment liabilities	72,689	5,459	33,843	8,137	4,966	125,094

Reconciliations of reportable operating segment revenue, profit or loss, assets and liabilities are as follows:

	2010 RM'000	2009 RM'000
Revenue		
Total revenue for the Group's reportable segments	1,575,124	1,178,949
All others	98	148
Discontinued operations (Note 12)	(45,726)	(76,354)
Elimination of inter-segment revenues	(1,002)	(1,105)
Revenue, as reported	1,528,494	1,101,638
Profit or Loss		
Total profit for the Group's reportable segments, including finance costs and interest income	60,692	39,040
All others	(1,326)	(1,744)
Discontinued operations (Note 12)	(5,954)	(6,155)
Share of results of associates	118,990	54,113
Profit before tax, as reported	172,402	85,254
Assets		
Total assets for the Group's reportable segments	622,193	552,962
All others	104,743	61,781
Investment in associates	619,783	540,776
Total assets, as reported	1,346,719	1,155,519
Liabilities		
Total liabilities for the Group's reportable segments	218,588	125,094
All others	(35,873)	-
Total liabilities, as reported	182,715	125,094

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

No analysis of geographical segment is presented as the Group operates principally in Malaysia.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of account payables and accruals.

Investment in associates: Income from associates is allocated as they are specifically attributable to business segments, and correspondingly investments in associates is included as segment assets of the Group.

48. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2009.

The capital structure of the Group consists of debts and equity of the Group.

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The gearing ratio at 31 December 2010 stood at 3.3% (see below).

Gearing Ratio

The gearing ratio at end of the reporting period was as follows.

	The Group		The Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Debts	38,682	30,790	-	24
Equity	1,164,004	1,030,425	419,799	394,921
Debt to equity ratio	3.3%	3.0%	-	-

Debt is defined as long-term and short-term borrowings as disclosed in Note 34.

Equity includes capital, reserves and minority interest.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Categories of financial instruments

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Held-to-maturity investment	1,000	1,000	-	-
Loan and receivables:				
Hire purchase receivables	56	618	-	-
Trade receivables	94,521	80,673	-	-
Other receivables	40,574	22,624	123	82
Amount owing by subsidiaries	-	-	57,594	73,740
Cash and bank balances	182,818	151,416	84,512	34,320
Financial liabilities				
At amortised cost:				
Hire purchase payables	71	290	-	-
Long-term borrowings	21,199	18,481	-	-
Short term borrowings	17,483	12,309	-	24
Trade payables	98,208	65,138	-	-
Other payables	26,707	12,926	375	536
Amount owing to holding company	646	204	646	204

At the end of reporting period, there are no significant concentrations of credit risk. The carrying amount reflected above represents the Group maximum exposure to credit risk for loan and receivables.

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's financial risk management principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk mainly from trade receivables and other receivables.

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade receivables and other receivables, should all its customers fail to perform their obligations as of 31 December 2010, is the carrying amount of these receivables as disclosed in statements of financial position.

The Group places its short-term deposits with credit worthy institutions. The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties having similar characteristics if they are related entities.

Foreign Exchange Risk

The Group transacts business in Japanese Yen and there is exposure to foreign exchange risk. To hedge against the volatility of future cash flows caused by changes in foreign currency exchange rates, the Group utilises forward foreign currency contracts to hedge the Group's exposure to specific currency risk, related to trade purchases. However, the Group does not utilise these foreign currency forward contracts for trading or other speculative purposes.

As of 31 December 2010, the fair value of the foreign currency forward contract of the Group is as follows:

	The Group			
Outstanding contracts	Average exchange rate	Foreign currency '000	Notional value RM'000	Fair value RM'000
2010				
Buy Japanese Yen (RM1: ¥100)	-	-	-	-
2009				
Buy Japanese Yen (RM1: ¥100)	3.794	222,355	8,437	8,233

The fair value of the foreign currency forward exchange contract is the amount that would be payable or receivable on the termination of the outstanding position and is determined by reference to the difference between the contracted rate and forward exchange rate as at the end of reporting period applied to a contract of a similar quantum and maturity profile.

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing fixed deposits, short-term and long-term borrowings. The Group has in place prudent investment policies whereby excess funds are only invested in repurchase agreements or placed as fixed deposits with reputable commercial banks. The Group does not at anytime make placements in non-guaranteed, fluctuating, commercial papers and the like.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial liabilities based on the contractual maturity of these financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay.

When the amount payable is not fixed, the amount disclosed has been determined by reference to the fair value as of the end of the reporting period.

	The Group					
	Less than 1 month RM'000	**1 to 3 months RM'000**	**3 months to 1 year RM'000**	**1 to 5 years RM'000**	**5 + years RM'000**	**Total RM'000**
2010						
Financial liabilities						
Non-interest bearing						
Trade and other payables	81,226	23,945	19,744	-	-	124,915
Amount owing to holding company	-	646	-	-	-	646
	81,226	24,591	19,744	-	-	125,561
Interest bearing						
Long-term borrowings						
Term loans	-	-	-	7,481	13,718	21,199
Hire purchase payables	-	-	-	56	-	56
Short-term borrowings						
Term loans	119	452	1,382	-	-	1,953
Bank overdrafts	-	-	1,430	-	-	1,430
Trust receipts	-	-	1,084	-	-	1,084
Bankers' acceptances	9,961	-	3,055	-	-	13,016
Hire purchase payables	-	-	15	-	-	15
	10,080	452	6,966	7,537	13,718	38,753
Total Financial Liabilities	91,306	25,043	26,710	7,537	13,718	164,314

	The Group					
	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	1 to 5 years RM'000	5 + years RM'000	Total RM'000
2009						
Financial liabilities						
Non-interest bearing						
Trade and other payables	32,937	24,662	20,465	-	-	78,064
Amount owing to holding company	-	204	-	-	-	204
	32,937	24,866	20,465	-	-	78,268
Interest bearing						
Long-term borrowings						
Term loans	-	-	-	9,021	9,460	18,481
Hire purchase payables	-	-	-	180	-	180
Short-term borrowings						
Term loans	-	1,600	670	-	-	2,270
Trade loan	-	-	985	-	-	985
Bank overdrafts	24	-	1,440	-	-	1,464
Trust receipts	-	-	867	-	-	867
Bankers' acceptances	-	-	6,723	-	-	6,723
Hire purchase payables	-	-	110	-	-	110
	24	1,600	10,795	9,201	9,460	31,080
Total Financial Liabilities	32,961	26,466	31,260	9,201	9,460	109,348

	The Company					
	Less than 1 month RM'000	1 to 3 months RM'000	3 months to 1 year RM'000	1 to 5 years RM'000	5 + years RM'000	Total RM'000
2010						
Financial liabilities						
Non-interest bearing						
Other payables	-	375	-	-	-	375
Amount owing to holding company	-	646	-	-	-	646
Total Financial Liabilities	-	1,021	-	-	-	1,021
2009						
Financial liabilities						
Non-interest bearing						
Other payables	-	536	-	-	-	536
Amount owing to holding company	-	204	-	-	-	204
	-	740	-	-	-	740
Interest bearing						
Bank overdrafts	24	-	-	-	-	24
Total Financial Liabilities	24	740	-	-	-	764

Fair Values

The carrying amounts of the financial assets and financial liabilities of the Group and the Company at the end of reporting period approximate their fair values due to the relatively short term maturities of these financial instruments except for the following:

		The Group		The Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets					
At 31 December 2010					
Held-to-maturity investment	22	1,000	1,012	-	-
At 31 December 2009					
Held-to-maturity investment	22	1,000	987	-	-
Hire-purchase receivables- Non-current portion	23	155	142	-	-
Financial liabilities					
At 31 December 2010					
Long-term borrowings	34	21,199	21,199	-	-
Hire purchase payables- Non-current portion	41	56	56	-	-
At 31 December 2009					
Long-term borrowings	34	18,481	18,070	-	-
Hire purchase payables- Non-current portion	41	180	173	-	-

49. SUBSIDIARIES

	Country of Incorporation	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %	Principal Activities
Direct Subsidiaries				
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	71.50	71.50	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services
Galaxy Waves Sdn. Bhd.	Malaysia	100	100	Investment holding
Summit Vehicles Body Works Sdn. Bhd.	Malaysia	100	100	Vehicles body building, and general engineering works
Oriental Extrusions Sdn. Bhd.	Malaysia	100	100	Investment holding
Summer Gallery Sdn. Bhd.	Malaysia	100	100	Investment holding
Inai Benua Sdn. Bhd.	Malaysia	70	70	Property development
Indirect Subsidiaries				
DMM Sales Sdn. Bhd.	Malaysia	71.50	71.50	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Engineering Sdn. Bhd.	Malaysia	71.50	71.50	Repair and touching-up, construction of vehicles body parts for sale, providing holding company and handling services to its distribution of spare parts and trucks
DMM Credit Sdn. Bhd.	Malaysia	71.50	71.50	Provision of hire purchase facilities
DMM Assembly Services Sdn. Bhd.	Malaysia	71.50	71.50	Dormant
Federal Auto Holdings Berhad	Malaysia	86	86	Investment holding, letting, maintenance and management of properties and provision of management services

(Forward)

	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Indirect Subsidiaries				
Federal Auto Cars Sdn. Bhd.	Malaysia	86	86	Trading of motor vehicles and spare parts and providing ancillary services
Fadara Properties Sdn. Bhd.	Malaysia	86	86	Rental and management of properties
Fadara Trading Sdn. Bhd.	Malaysia	86	86	Non-operating
Federal Auto Cars Retail Sdn. Bhd.	Malaysia	86	86	Investment holding
FAST Sdn. Bhd.	Malaysia	86	86	Trading of motor vehicle accessories
F.A. Wagen Sdn. Bhd.	Malaysia	86	86	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Serve Sdn. Bhd.	Malaysia	86	86	Operating petrol station and providing workshop services
F.A. Leasing and Credit Sdn. Bhd.	Malaysia	86	86	Non-operating
Liberty Car Rental Sdn. Bhd.	Malaysia	86	86	Non-operating
F.A. Automobiles Sdn. Bhd.	Malaysia	86	86	Investment holding
F.A. Automobiles (Ipoh) Sdn. Bhd	Malaysia	86	86	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Autoprima Sdn. Bhd	Malaysia	86	86	Non-operating
F.A. Autosoft Sdn. Bhd	Malaysia	86	86	Non-operating
Oriental Metal Industries (M) Sdn. Bhd.	Malaysia	78	78	Manufacturing of steel wheel rims for motor vehicles and related activities

Subsidiaries disposed during the year

	Country of Incorporation	Effective Equity Interest 2010 %	2009 %	Principal Activities
Direct Subsidiaries				
WSA Capital Corporation Sdn. Bhd.	Malaysia	-	73.32	Manufacturing, designing and supplying of automotive components
Indirect Subsidiaries				
WSA Precision Sdn. Bhd.	Malaysia	-	73.32	Dormant
WSA Engineering Sdn. Bhd.	Malaysia	-	73.32	Manufacturing, designing and supplying of automotive components
Carpets International Malaysia Manufacturing Sdn. Bhd.	Malaysia	-	73.32	Manufacturing and distributor of carpets and rugs
Carpets International Malaysia (Distribution) Sdn. Bhd.	Malaysia	-	73.32	Distributor of carpets and rugs
Peninsular Carpet Manufacturing Sdn. Bhd.	Malaysia	-	73.32	Manufacturing of carpets and rugs
WSA Marketing & Distribution Sdn. Bhd.	Malaysia	-	73.32	Dormant

50. ASSOCIATE COMPANIES

	Country of Incorporation	Equity Interests Held 2010 %	2009 %	Principal Activities
Perusahaan Otomobil Kedua Sdn. Bhd.*	Malaysia	23.60	23.60	Investment holding, provision for management and administration services, marketing and distribution of motor vehicles and related spare parts
Hino Motors (Malaysia) Sdn. Bhd.*	Malaysia	42.00	42.00	Marketing and servicing of commercial vehicles and related spare parts

* Audited by a firm other than Deloitte KassimChan.

51. JOINTLY CONTROLLED ENTITY

The details of the jointly controlled entity, which was disposed of together with WSA Capital Corporation Sdn. Bhd., are as follows:

	Country of Incorporation	Equity Interests Held 2010 %	2009 %	Principal Activities
Autoparts Networks Alliances Sdn. Bhd.*	Malaysia	-	21.43	Dormant

* Audited by a firm other than Deloitte KassimChan.

52. SUPPLEMENTARY INFORMATION

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 December 2010 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	2010	
	The Group RM'000	**The Company RM'000**
Total retained earnings of the Company and its subsidiaries		
Realised	567,304	147,224
Unrealised	(5,506)	(1,535)
Total retained earnings from associates		
Realised	460,807	-
Unrealised	(22,013)	-
Less: Consolidation adjustments	(256,923)	-
Total retained earnings as per statements of financial position	743,669	145,689

Comparative information is not presented in the first financial year of application pursuant to the directive issued by Bursa Malaysia on 25 March 2010.

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and is not made for any other purposes.

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held on Tuesday, 14 June 2011 at 10.00 a.m. at Federal Auto Holdings Berhad, The Learning Academy, Level 2, Lot 43, Jalan Pelukis U1/46, Section U1, 40150 Shah Alam, Selangor Darul Ehsan.

AGENDA

(Please refer to Explanatory Note 2)	To consider and receive the Audited Accounts for the year ended 31 December 2010 together with the Reports of the Directors and Auditors therein.
Resolution 1	To re-elect Mr. Low Hin Choong who retires by rotation in accordance with Article 78 of the Articles of Association of the Company.
Resolution 2	To re-elect Mr. Wong Wei Khin who retires by rotation in accordance with Article 78 of the Articles of Association of the Company.
Resolution 3	To approve the Directors' fees for the year ended 31 December 2010.
Resolution 4	To re-appoint Messrs. Deloitte KassimChan & Co as the Auditors of the Company and to authorise the Directors to fix their remuneration.

By Order of the Board
MBM RESOURCES BERHAD

Shahrizat bt Othman (MAICSA No.: 0764744)
Zaharah bt Ibrahim (MAICSA No.: 7012004)
Company Secretaries

Kuala Lumpur
20 May 2011

Notes:

1. **Proxy**
   (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
   (ii) A member shall be entitled to appoint not more than two (2) proxies to attend at the same meeting and that the provisions of Section 149(1)(c) of the Companies Act, 1965 shall apply.
   (iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
   (iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company, Suite C-5-4, Wisma Goshen, Plaza Pantai, Jalan Pantai Baharu, 59200 Kuala Lumpur, at least forty-eight (48) hours before the time appointed for holding the Meeting.

2. **Explanatory Notes to the First Agenda**
   This agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

3. **Annual Report 2010**
   The Company issues to the shareholders the Annual Report 2010 in CD-ROM format together with its abridged version. A full version of the Annual Report in hard copy form shall be provided to the shareholders within four (4) market days from the date of receipt of verbal or written request. Shareholders who wish to receive the full version of the Annual Report in hard copy form and who require assistance in viewing the CD-ROM, kindly contact the Company Administrator, Ms. Liong Jia Jia at Tel. No.: 03-2287 6803. Alternatively, you may fax the duly completed request form for a hard copy of the full version of the Annual Report to Fax No.: 03-2287 6805 or send the duly completed request form to the Company's office address at No. 1-6, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. For further information, please visit our website at www.mbmr.com.my

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of individuals who are standing for re-election are set out in the Profile of Directors appearing on pages 38 to 41of the Annual Report.

Form of Proxy

MBM RESOURCES BERHAD
(284496 - V) (Incorporated in Malaysia)

I/We ____

of ____

being a member/members of **MBM RESOURCES BERHAD**, hereby appoint ____________________________

____

of ____

or failing him/her, ____

of ____

or failing him/her, the Chairman of the Meeting as my proxy/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Federal Auto Holdings Berhad, The Learning Academy, Level 2, Lot 43, Jalan Pelukis U1/46, Section U1, 40150 Shah Alam, Selangor Darul Ehsan, on Tuesday, 14 June 2011 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		

(Please indicate with "X" how you wish to cast your vote)

NUMBER OF SHARES	

....
Signature

Signed this ______________ day of ______________ 2011

NOTE:

(i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

(ii) A member shall be entitled to appoint not more than two (2) proxies to attend at the same meeting and that the provisions of Section 149(1)(c) of the Companies Act, 1965 shall apply.

(iii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.

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Fold this flap for sealing

AFFIX
STAMP

MBM RESOURCES BERHAD
The Company Secretaries
Suite C-5-4, Wisma Goshen, Plaza Pantai
Jalan Pantai Baharu, 59200 Kuala Lumpur

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1st fold line

MBM Resources Berhad (Co. No. 284496-V)
No. 1-6, The Boulevard, Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Tel: (603) 2287 6803
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